our focus

2012/2013 BCLC Annual Service Plan Report

bclc
playing it right

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Our focus is our players.

This year, more than ever before, we've demonstrated this through innovation in distribution, fostering strategic partnerships, community outreach, encouraging responsible gambling, and creating more exceptional entertainment experiences.

Statement of Accountability

To the Honourable Michael de Jong, Minister of Finance and Minister responsible for BCLC:

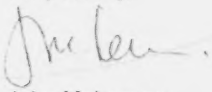
On behalf of the Board of Directors and all our employees, I'm pleased to present the 2012/13 BCLC Annual Service Plan Report, for the 12 months ended March 31, 2013.

The Board is responsible for all the content of this report and the methods for reporting it. The Board is also responsible for the internal controls that ensure the information contained within this report is consistent with the mandate and goals of the organization, is measured and reported accurately and completely in a timely manner, and aligns with Government's priorities.

The content of this report was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the B.C. Reporting Principles. It reflects BCLC's performance for the 12 months ended March 31, 2013, against the goals and targets identified in our 2012/13–2014/15 Service Plan. In addition, it also captures our Corporate Social Responsibility targets that we will report on moving forward.

All significant decisions and changes to BCLC's strategies, measures, targets or data reliability are clearly identified within the report. Significant assumptions, events and identified risks also have been considered in the preparation of the report. Estimates and interpreted information represent the best judgment of management.

Respectfully,



John McLernon
Chair, Board of Directors

Message from the Chair and President & CEO

We know people today have many choices for how to spend their entertainment dollars. This makes it imperative that we continually work to stay relevant and create as entertaining an experience as possible, while doing so in a responsible manner. These efforts have been effective.

Delivering Results

For the year ended March 31, 2013, BCLC achieved another year of record net income, earning $1,127.6 million. This exceeded our target for the year by $2.6 million, while exceeding last year's net income by $20.2 million. Changing consumer demographics, shopping patterns and preferences; a modestly growing economy; and the maturity of some of our products made it a challenging year for BCLC. Our net income milestone was achieved by continuing to focus on revenue generating initiatives, while ensuring operational effectiveness and cost management.

Our Casino and Community Gaming business generated revenue of $1.64 billion in 2012/13—virtually unchanged from the previous year, but $45.9 million less than planned; however, net win increased $3.8 million over 2011/12, and net income exceeded the prior year by $0.9 million. Increased slot play at community gaming centres contributed to these results.

Lottery and eGaming net income of $298.2 million exceeded budget by $10.2 million and the previous year by $19.3 million. Profitability was up most notably in the Lotto category, once again driven by the success of LOTTO MAX. Brand rejuvenation and pricing strategies in the Instant category produced a year-over-year improvement of $12.7 million and $4.1 million more than planned. In 2012/13, we continued to invest in our eGaming business, enhancing the suite of casino-style games and making other changes to the product line-up on PlayNow.com including the introduction of PlayNow Sports—all of which continue to be well received.

These achievements have been made possible by our team listening to our players and working to make the games we offer more entertaining. Our online customer panel, "xchange," is helping us solicit feedback from our customers and enabling us to consider our players' opinions and viewpoints in the products and programs we offer. Social media has also played a role in increasing player engagement, with BCLC Facebook fans now exceeding 135,000.

Some of BCLC's results exceeded Service Plan targets as a result of changes we made to our survey and survey supplier during the year. BCLC's vacancy rate result was higher than projected due to an increase in the time to hire—the result of a competitive labour market. We continue to leverage our strong brand presence in the changing marketplace so that we can remain a great place to work.

Setting the Groundwork

BCLC is also pleased that many exciting initiatives that will help us continue to deliver on our players' expectations and build our long-term business have either commenced or been completed.

Lotto Express is one such initiative, allowing players to purchase their lottery tickets from checkout lanes in select grocers—right at their fingertips. Already in over 700 lanes throughout 100 stores, this initiative offers precisely what our players have asked for: the games they want, when they want them, where they want them.

Our new partnership with Manitoba Lotteries Corporation has also been successful. Manitobans now have access to online gambling through BCLC's PlayNow.com platform. This marks the beginning of a new line of business and revenue stream for BCLC—one that shows incredible promise as we look to partner with other jurisdictions, which we anticipate will afford economies of scale and increase our player base across the country.

Our casinos are also benefiting from significant investments in innovation and technology. Our new gaming management system has already been introduced in four casinos and community gaming centres. This new system will provide more convenience, more benefits and more entertainment options for our players.

Without question, we're also seeing a fundamental shift in our society with respect to how and when people receive information as well as seek entertainment. That's why we're reviewing our business in light of new retail trends to create a better multichannel experience for our players.

Throughout 2013/14, we will continue to focus on revenue generating initiatives and operational effectiveness while sustaining our core, mature products and growing net income for the Province. This includes the replacement of the casino gaming management system, providing our players with options such as Lotto Express that improve the convenience of accessing our lottery games and further developing our PlayNow.com platform as well as engaging players in understanding responsible gambling.

Playing it Right

We see Corporate Social Responsibility (CSR) as part of our organizational DNA and we are committed to fully integrating the social, economic and environmental pillars of CSR into how we operate our business. We believe that reporting on our progress, by adopting Global Reporting Initiative (GRI) international standards, is a vital component of our accountability. We call this "Playing it Right" and it's an ingrained part of everything we do.

Ensuring we continue to enjoy the social licence to operate in the communities we're currently a part of, we must never forget that our focus on entertaining our players also means facilitating and helping them make informed gambling choices.

This year, we took our responsible gambling messages to five B.C. communities as part of Responsible Gambling Awareness Month, which culminated in our inaugural New Horizons in Responsible Gambling conference for industry representatives from around the globe. Reflecting our commitment to responsible gambling, BCLC is also investing $2 million in the new independent Centre for Gambling Research at the University of British Columbia expected to open in fall 2013, so we can continue to develop programs in the years ahead.

BCLC's responsible gambling efforts have been recognized in multiple ways in 2012/13: Manitoba has adopted GameSense, reflective of the strength and power of our responsible gambling brand, 13 B.C. casinos underwent an RG Check by the independent Responsible Gambling Council, and almost 44,000 player interactions and conversations happened this year at GameSense Info Centres. These are all testaments to the effectiveness of responsible gambling at BCLC.

BCLC also made significant strides in continuing to lessen our impact on the environment. This year saw the introduction of BCLC's Sustainable Procurement Policy, helping to make sure all decisions are made with a consideration of their environmental impact. BCLC's greenhouse gas emissions were reduced by 100 tonnes compared to the year before and, in our Vancouver office, 90 per cent of office waste was either recycled or composted.

Recognizing the People Behind our Success

Our people are without a doubt behind the success of BCLC. We have a great team that works together to drive innovation in all parts of our business. Through our leadership programs and our ongoing employee engagement surveys we're ensuring we continually make our workplace a stimulating, challenging, and rewarding environment in which to build a career.

All this has helped us earn the honour of Top Employer in B.C. for the seventh year. Our people have not only made their workplace better, they've made our communities better, with fundraising efforts and giving back so much time to many deserving charities and non-profits.

A special thanks to all of our staff, our valued retailers, our casino and community gaming centre service providers and their staff for helping us reach our goals and making a meaningful contribution to B.C.'s economy.

In Summary

This past year we've been very encouraged by successful initiatives we've implemented and the promising initiatives we're developing. A strong, motivated team, great partners, and an unwavering commitment to responsibility have allowed us to focus on entertaining our players this year like never before.

Michael Graydon
President & CEO

John McLernon
Chair, Board of Directors

About BCLC

Our Vision

Our vision is "Gambling is widely embraced as exceptional entertainment through innovation in design, technology, social responsibility and customer understanding."

Our Mandate

We are a Crown corporation governed by B.C.'s *Gaming Control Act*. Our mandate is to conduct, manage and operate lottery, casino, commercial bingo and internet gambling in a socially responsible way for the benefit of British Columbians.

Our Promise

At BCLC we understand the importance of public confidence in our organization and the people who provide our products and services.

It is critical we ensure our business is conducted with:

Integrity: The games we offer and the ways we conduct business are fair, honest and trustworthy

Social Responsibility: Everything we do is done with consideration of its impact on and for the people and communities of British Columbia

Respect: We value and respect our players, service providers and each other

Real Benefits

BCLC works for British Columbians every day. After paying operating costs, prizes and service provider commissions, we remit a portion of net income to the Government of Canada and the remainder to the Government of British Columbia for health care, education, charitable and municipal programs. Visit gaming.gov.bc.ca/revenue/index.htm

Core Business Areas

Channel	Casino & Community Gaming	Lottery	eGaming
Distribution Network	17 Casinos 19 Community Gaming Centres 7 Commercial Bingo Halls	3,800 retailers	PlayNow.com
Products	Slot Machines Table Games Electronic Tables Poker Games Paper & Electronic Bingo Lotto Games	Lotto Games Sports Games Social Games Instant Games	Lotto Games eBingo eCasino ePoker Sports Betting
Structure	Private sector service providers earn a percentage of net win for providing gambling facilities and day-to-day operational services	Service providers earn an industry-standard commission, calculated as a percentage of revenue to service lottery games in their locations	Games are provided through PlayNow.com, where providers earn a licence fee and/or a percentage of net win for providing gambling software

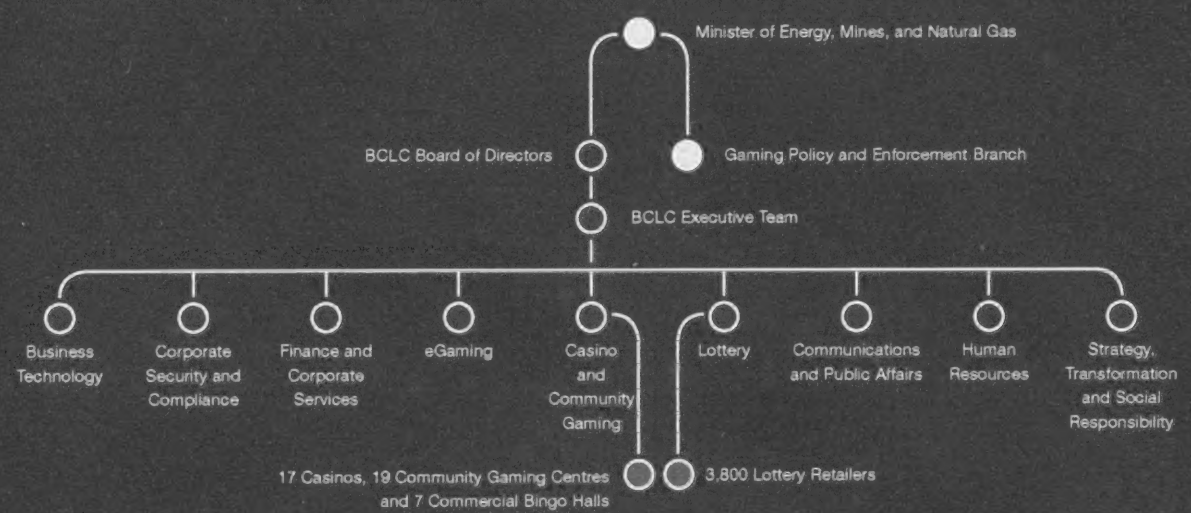
Regulated and Regional

The Minister of Energy, Mines and Natural Gas is the Minister responsible for BCLC and the Gaming Policy and Enforcement Branch (GPEB). GPEB is responsible for the overall integrity of gaming and horse racing. GPEB also certifies gambling service providers, suppliers of equipment, and conducts audits and compliance checks.

BCLC headquarters in Kamloops oversees finance, administration and information technology. Our Vancouver office manages sales, marketing and distribution, while field staff across the province support operations. We employ about 850 corporate staff with more than 37,000 direct and indirect workers employed in B.C. in gambling operations, government agencies, charities and support services.*

While B.C. casinos and community gaming centres are privately owned and operated, BCLC owns the equipment and sets the policies and procedures for these facilities. Most BCLC products are sold by private sector service providers through more than 3,800 lottery retailers, 17 casinos, 19 community gaming centres and seven commercial bingo halls. Secure, regulated online gambling is offered on PlayNow.com.

There were no significant changes in 2012/13 regarding the size, structure or ownership of BCLC.


Minister of Energy, Mines, and Natural Gas
BCLC Board of Directors
Gaming Policy and Enforcement Branch
BCLC Executive Team
Business Technology
Corporate Security and Compliance
Finance and Corporate Services
eGaming
Casino and Community Gaming
Lottery
Communications and Public Affairs
Human Resources
Strategy, Transformation and Social Responsibility
17 Casinos, 19 Community Gaming Centres and 7 Commercial Bingo Halls
3,800 Lottery Retailers

* Source: HLT Advisory Inc. "2010 Economic Impact of the Canadian Gaming Industry: Key Findings Report."

About this Report

When BCLC adopted our Corporate Social Responsibility (CSR) Charter in 2010, it articulated an aspiration to continue building our foundation of social responsibility, while showing leadership in the education and inspiration of our employees, communities and partners. Visit bclc.com/CSR-charter

CSR is the opportunity that we have to be a positive catalyst economically, socially, and environmentally, and it is the accountability that BCLC has to be a transparent creator of benefits in the areas our business touches.

This Annual Service Plan Report is not only a reflection of BCLC's performance as set out by the goals and targets identified in our 2012/13–2014/15 Service Plan, but it also sets a baseline of our performance based on our CSR strategies, metrics, targets and direction from the Global Reporting Initiative (GRI) international standards, as outlined in Appendix 4. Prepared in accordance with our CSR Charter, this is BCLC's first combined Annual and CSR report, which we will continue on an annual basis.

For more CSR context, a CSR Executive Summary, a CSR Glossary, a summary of progress against our CSR Charter and how we are addressing our CSR strategic challenges, visit bclc.com/CSR-performance

For a legend of where to find key CSR issues within this document, download our PDF at bclc.com/CSR-legend

Audience

BCLC is disclosing our CSR performance as a demonstration of our commitment to transparency and accountability and to engage the public and employees in a dialogue on how we can work with others to advance sustainability. We have identified 16 stakeholder groups which can influence or are influenced by BCLC's operations. Ten groups are prioritized as the target audience for this report (in italics below).

- *BCLC employees*
- *Communities*
- *Crown corporations*
- *First Nations*
- *Local and regional governments*
- *Players*
- *Provincial government and regulator*
- *Public*
- *Public interest groups*
- *Service providers and retailers*
- CSR practitioners
- Gaming grant recipients
- Lottery and gambling industry
- Media
- Public health, prevention and treatment groups
- Suppliers

Strategic Challenges

To demonstrate transparency and accountability, we have identified four key challenges faced this year in achieving our CSR objectives:

- Shared responsibility for CSR page 7
- Self-exclusion from gambling page 10
- Public acceptance of gambling page 16
- Player privacy protection page 18

These strategic challenges are noted throughout the report and marked by this symbol: SC

Scope

This report presents the material issues and impacts of our activities during the fiscal year of April 1, 2012 to March 31, 2013. It covers all operations under BCLC's direct control and BCLC's CSR strategies. It does not include the CSR performance of facilities that are operated by our service providers: casinos, community gaming centres, bingo halls or lottery retail locations.

We fully recognize that shared responsibility for CSR is a strategic challenge: CSR outcomes reflect a combined effort of BCLC, our service providers, the Government of British Columbia and players. While we have direct control over our two corporate offices in Kamloops and Vancouver, the greater impacts involve many other parties that we can only influence. We are seeking to further support our service providers and lottery retailers' CSR performance in coming years. SC

BCLC went through an internal materiality analysis to determine priority CSR topics, issues and impacts for reporting. We assessed the degree of significance for employees based on understanding their priorities, the impacts of key sustainability risks to BCLC's ability to deliver on its mandate, and the approach other gambling jurisdictions are taking on various issues.

BCLC did not seek independent assurance for the CSR content of this report. However, a panel of CSR experts reviewed the content and provided feedback, as outlined in Appendix 3.

Material Issues

Best practice in CSR reporting, according to the GRI international standards, requires companies to identify and report on their top CSR issues. This is called a materiality analysis. These are topics that reflect our significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of our stakeholders.

To develop BCLC's list of material issues, we engaged our CSR Committee (a cross-divisional group of BCLC directors and managers), staff focus groups, and BCLC's executives for their input into what CSR issues are important to cover in this report. The following list reflects the results of their discussion and feedback.

- Responsible gambling
  - Informed player choice
  - Problem and underage gambling
  - Game integrity and fairness
  - Product design, marketing and distribution
- Player experience
  - Player engagement
  - Improved systems and processes
- Player privacy protection
- Service provider CSR role
- Employee attraction, retention and engagement
- Stakeholder engagement
- Gambling expansion
- Community socio-economic benefits
- Openness and accountability
- Ethical conduct
- Anti-money laundering and illegal activities
- Environmental impacts
  - Carbon neutrality
  - Waste and water management

Focus on Innovating
to meet our players
on their terms.

We're in the entertainment business, and we compete among the vast entertainment choices available to our players. We aim to delight them by putting their needs and wants first when we make decisions.

Our goal is to broaden our player base by creating more personalized, interactive experiences. That requires using research to develop a deeper understanding of our players and their entertainment choices. With that understanding we can develop innovative new offerings and increase our responsible gambling options that put the player in the centre of everything we do.

Meeting our players' lifestyle and entertainment expectations, and being where they are, we can ensure that every interaction they have with us is convenient and fun.

Lotto Express

Lotto Express was a significant initiative for BCLC this year. This program puts lottery games at our customers' fingertips, giving them the option to purchase tickets from the convenience of the grocery store checkout. This pilot program has seen Lotto Express added to over 700 checkout lanes in 100 stores, with results exceeding our expectations.

PlayNow.com

Increased options for sports betting have delivered immediate results, with BCLC doubling the number of sports bettors and wagers on PlayNow.com in the past year. Further enhancements to games and features will build on that growth.

Gaming Management System (GMS)

The introduction of our new GMS in casinos and community gaming centres allows us to improve the gambling experience and better understand our players' behaviour, including providing them the ability to set their own spending limits on slot machines in the future. GMS will not only make sure we have the optimal mix of entertainment options for our players, but will also help us design our casino floor spaces to their highest potential and best use.

"If I want to play lotto, being able to get a ticket while I'm already in the grocery line-up makes it very convenient."

Phyllis Wilson, BCLC player

Being socially responsible is an important part of keeping gambling fun for players. This means we're continually evaluating and implementing industry best practices as well as finding creative new ways to engage our players in the understanding of responsible gambling.

Education

Responsible gambling is important to us and the health of our business. We want our players to play for fun, not with the expectation of making money. But we also know that sometimes players can have too much of a good thing. That's why we developed GameSense—to encourage informed play. Knowing how games work, the odds of winning, and dispelling myths about gambling are important steps to enjoying gambling for what it is: a game. Keeping gambling fun for all players is a key part of being socially responsible.

Getting people talking about responsible gambling is essential for increasing understanding about the subject. Every year at GameSense Info Centres in every BCLC gambling facility, GameSense Advisors, contracted through the Province, engage visitors with interactive tools to help them better understand responsible gambling. Last year alone, nearly 44,000 player interactions and conversations took place at GameSense Info Centres.

To support GameSense, BCLC launched new GameSense public education information through traditional media, online, owned channels and social media to expand our reach even further and engage players in dialogue at many touchpoints.

Indicative of the effectiveness of GameSense and the strength of the brand, this year Manitoba adopted the GameSense brand. This partnership will see GameSense increase its equity and power through increased awareness and provide better opportunities to exchange programming initiatives between our provinces.

Training

Appropriate Response Training (ART) is an educational program that equips staff to assist players and take a proactive stance on responsible gambling. ART is mandatory for front-line gambling workers, management and security personnel and last year we launched refresher courses to make sure knowledge stays current.

Assistance

Voluntary Self-Exclusion (VSE) is a program to assist participants in their efforts to control their gambling. BCLC offers the program in B.C. gambling facilities as well as on PlayNow.com. Participants exclude themselves for self-set periods of time. Free problem gambling counseling resources are available to them, funded by the Province of British Columbia. Based on a 2011 study of VSE participants, 93 per cent said they would recommend the program to others. As of March 31, 2013, the VSE program had about 8,200 participants.

One of our strategic challenges is creating a VSE program that meets the needs of those exhibiting signs of problem gambling, is operationally manageable in a large and complex gambling environment, and meets public expectations. Significant media coverage and related legal challenges this year demonstrated the difficulty of balancing these various perspectives.

It is estimated that 4.6 per cent of adult British Columbians are problem gamblers, including 3.7 per cent who are moderate problem gamblers and 0.9 per cent who are severe problem gamblers.*

*Source: Ipsos Reid Public Affairs and Gemini Research. "British Columbia Problem Gambling Prevalence Study." January 25, 2008.

For more on problem gambling, visit bcresponsiblegambling.ca/problem-gambling/

For more on underage gambling, visit gamesense.bclc.com/kids-and-gambling/

"Our business is built on our players having an enjoyable experience. Responsible gambling efforts help ensure that."

Michael Graydon, President & CEO, BCLC

"How do the best organizations assure leadership with respect to responsible gambling? The really good ones seek out best practice from around the world and from beyond the gaming sector. They build these into their approach and go beyond the minimum requirements and the basics. They actively seek out world-class assessment and critique. They want to know what they are doing right and they actively ask the question, "tell us how we can improve."

John Luff, Responsible Gaming
Independent Assessment Panel Member
World Lottery Association

Research

In an effort to advance our understanding of responsible gambling and help reduce problem gambling behaviours, BCLC and the Province of British Columbia are investing in the development of a new, independent Centre for Gambling Research at the University of British Columbia. The centre will conduct innovative and productive research on the social and behavioural aspects of gambling, and help improve responsible gambling programs to reduce the problematic impacts of gambling in B.C., across Canada, and internationally.

Validation

The Responsible Gambling Council (RGC), an independent agency advancing problem gambling prevention across Canada, has been working with BCLC to review our gambling facilities for their employee training, venue and game features, and corporate policies and practices in the area of responsible gambling. This past year, 13 B.C. casinos underwent an RG Check, with plans for all to be reviewed and certified within the next two years.

Best Practices

As part of Responsible Gambling Awareness Month in January 2013, BCLC hosted a highly successful New Horizons in Responsible Gambling conference in Vancouver. BCLC welcomed industry representatives from around the world who came to learn from top international experts as well as to share and discuss ideas on responsible gambling.

Focus on Collaborating to expand into new markets and grow our business.

This year, BCLC made strides in growing our human resource capabilities by improving engagement, developing our team through education and training, as well as supporting them in their collaboration with each other and key partners. With our people, BCLC is well positioned to serve our players better now and in the future.

PlayNow.com in Manitoba

The successful launch of our new business-to-business model in Manitoba was internally dubbed 'Big Sky' because not only did it require an incredible amount of teamwork across our divisions to bring this project to life, but also because of the vast opportunity this initiative represents to our organization. Beginning with PlayNow.com in Manitoba, this partnership extends BCLC's business potential outside of B.C.'s borders for the first time, opening new doors for future revenue and considerable opportunities for achieving economies of scale.

Gaming Management System Implementation

With the help of our partner Bally and our service providers, approximately 100 BCLC employees in 20 departments worked collaboratively to implement our new gaming management system (GMS) in four gambling facilities this year, with more planned for the upcoming year. This system will offer us increased intelligence about what our players want from our facilities and more robust game usage information. At the end of the day, we'll improve our facilities and better optimize them to meet the changing needs of our players.

"We have a good partnership with BCLC, which has allowed us to provide our players with a safe and secure online gambling option. Our players can have confidence in the site knowing that it is regulated, and can enjoy the fact that all profits directly benefit our communities."

Carolin Taubensee, Executive General Manager eGaming, Manitoba Lotteries

"Ensuring our team feels good about their work environment is one thing, but providing them with the ability to make a positive change in their community is especially rewarding."

Peter Charlton, Vice-President, Human Resources, BCLC

"Like many of my colleagues, I value giving back to my community and I appreciate that BCLC supports my efforts."

Margaret Watson, Director, Corporate Marketing, BCLC

We want to ensure BCLC remains a great place to work through passionate teamwork, by providing challenging work opportunities and by helping our employees realize personal success and growth.

Starting Off Right

Employee engagement can be impacted by the very first impressions, setting clear expectations for what to expect from BCLC. Efforts have been made to improve BCLC's new employee onboarding process, helping new employees become productive faster and increasing their relevant contributions to the work culture.

Improving Employee Engagement

Strong employee engagement can be attributed to many elements. Certainly, a large part of it is being immersed in a challenging, respectful, and rewarding work environment that allows for opportunities and growth. Complementing this are our shared values of integrity, social responsibility and respect.

Annual employee surveys allow BCLC to measure the engagement level of our team. Our engagement levels are consistently high in comparison to other organizations in Canada, with engagement at 82 per cent in 2012/13. BCLC gains actionable insight from the engagement survey, allowing us to support areas of strength, address areas that require improvement, and share best practices across the organization. At BCLC, we're committed to the continual improvement of our overall work environment and culture because this is key for delivering positive business results and more net income to benefit B.C.

Recognizing that all employees are more engaged with their jobs when their responsibilities and evaluation metrics are clearly articulated, every employee is responsible for developing goals and a personal development plan. Additionally, BCLC supported the enrollment of select staff in leadership development programs to improve our current capability and succession planning.

For more on how BCLC is a great place to work, visit bclc.com/great

Employee Well-Being

Delivering on the needs of our employees, BCLC has improved our benefits program to give a greater degree of choice on coverage—helping employees get the coverage that best suits their specific family requirements at no additional cost to BCLC. Additionally, BCLC has also implemented a proactive disability management program.

BCLC's Human Resources team is also leading the formation of an innovative well-being program, which, when implemented, will link programs that support our employees total well-being from health, financial, and social perspectives.

82% employee engagement

4.4% employee vacancy rate

15.3 average hours of training per year per employee

Supporting Volunteerism

Founded on an understanding that BCLC employees want to contribute to their communities in many ways, BCLC supports employees who wish to volunteer for charitable activities.

While examples of our employees giving back can be found throughout our organization, here are just some of the many notable contributions BCLC employees made to their communities:

- $27,000 for the United Way
- $27,000 for families in need
- $7,500 for ovarian cancer research
- $7,300 for heart and stroke research
- $6,000 for prostate cancer research

Vancouver's Downtown Eastside food donations

BCLC Christmas Charity Committee

Ride to Conquer Cancer

Focus on Connecting with British Columbians at a grassroots level to better serve our players.

Engaging with the public, whether through new technology or face-to-face at community outreach events, enables us to better serve our players, and ultimately all the people of British Columbia.

Community Outreach

It was an unprecedented year in terms of our level of stakeholder engagement. Building on the success of our initial Responsible Gambling Awareness Week in January 2012, this year BCLC brought Responsible Gambling Awareness Month (RGAM) to five B.C. communities. It had a big impact because it engaged a diverse range of community members who helped us raise awareness of responsible gambling. Working with municipal governments, service providers, social service agencies and the Province of British Columbia, outreach efforts were supported in Kamloops, Vernon, Langley, Prince George, and the West Shore communities of Southern Vancouver Island during the month of January 2013.

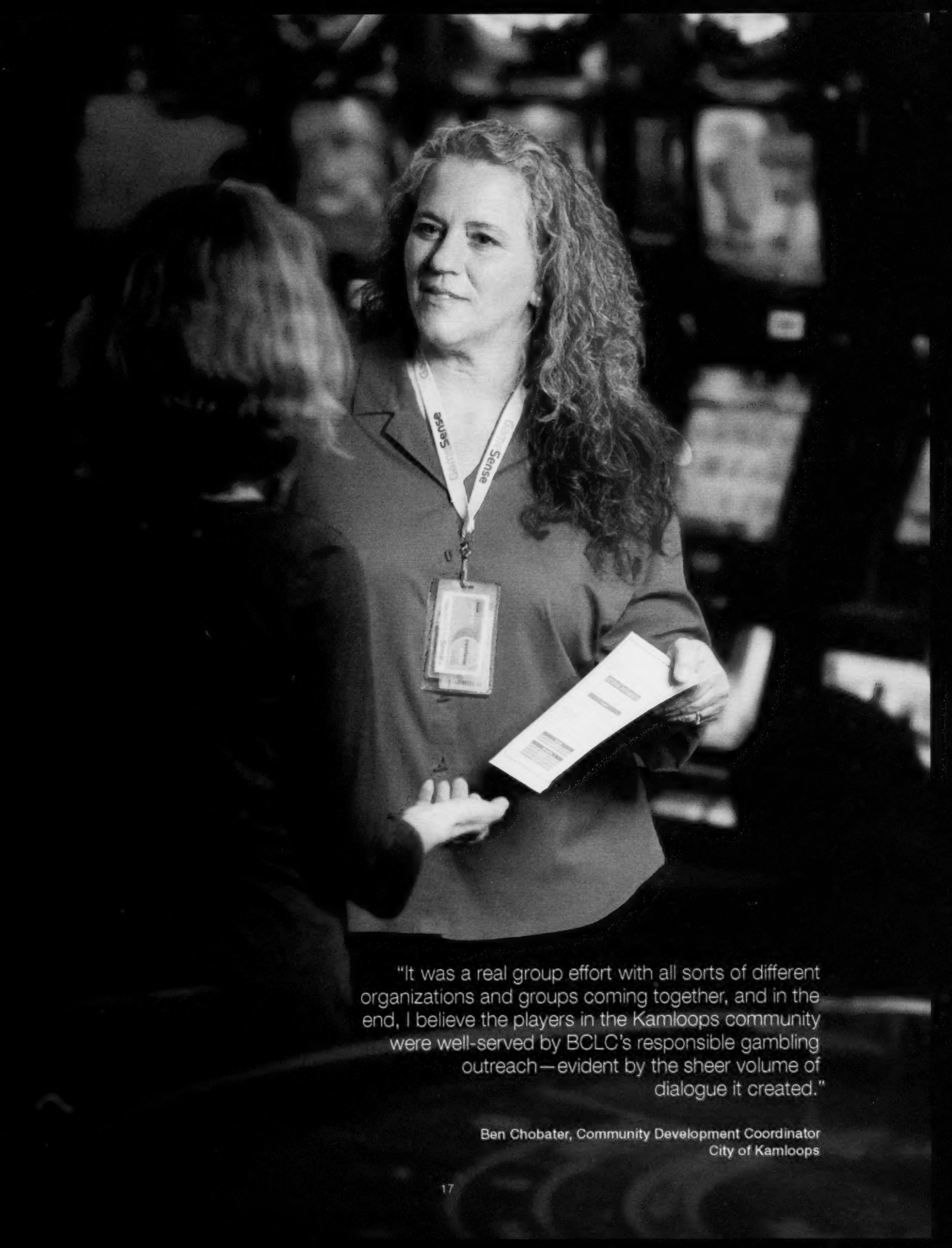
In January, we made responsible gambling top-of-mind by:

- Reaching more than 360,000 British Columbians through media coverage
- Engaging in more than 2,300 meaningful conversations with the public
- Visiting more than 32 locations across the five communities

These outreach efforts included organized interactive events, speaker panels, myth-busting challenges, and more—all designed to encourage public dialogue and increase understanding about responsible gambling. Our research showed significant increases (from 54 to 60 per cent) in residents who agreed that BCLC is actively involved in educating the public about playing responsibly, and an overall increase in awareness of GameSense, with awareness rising from 62 to 67 per cent.

Public Acceptance SC

RGAM helped us address another strategic challenge for BCLC: the public acceptance of gambling. Whenever a new gambling facility is proposed, BCLC engages a number of stakeholders with diverse opinions and often competing interests. For example, while a local government may vote in favour of rezoning land for a gambling facility, not all residents may share the same support for such a change in their neighbourhood. In 2012/13, we were pleased with the increase in awareness achieved for responsible gambling but acknowledge the need for greater awareness on a number of topics to address this strategic challenge.



"It was a real group effort with all sorts of different organizations and groups coming together, and in the end, I believe the players in the Kamloops community were well-served by BCLC's responsible gambling outreach—evident by the sheer volume of dialogue it created."

Ben Chobater, Community Development Coordinator
City of Kamloops

Demonstrating integrity in what we deliver and how we deliver it is top of mind.

Improved Access to Information

This year, BCLC re-developed and launched our corporate website bclc.com. With a better understanding of what information our stakeholders want, the new site offers improved navigation and streamlines information for player, public and media access.

Game Integrity

BCLC has rigorous checks and balances to protect the integrity of our games. Each of our three business units—lottery, casino and eGaming—have specific standards and procedures to help us maintain a business that is fair, safe and well-managed.

For example, in lottery, we have a robust Mystery Shop program to verify compliance with the lottery ticket validation procedure. In casino, BCLC Operational Gaming Compliance Officers conduct a comprehensive compliance review schedule for every gambling facility in the province. For a safe, fun online experience, BCLC continues to embed advanced privacy, security and responsible gambling controls, including TRUSTe certification achieved last year. For more on our Mystery Shop program, visit bclc.com/mystery-shop

Minors

Entry into BCLC facilities is restricted to those 19 years of age and older. In 2012/13, almost 18,000 individuals (specifically, minors and those with insufficient identification) were turned away. Underage detection has further been bolstered through special age-verification training for staff, increased staffing at peak periods, use of identification scanning technology and random ID checks on casino floors.

Privacy SC

Maintaining security in the face of increasingly sophisticated cyber-attacks is an industry-wide concern and strategic challenge for BCLC. Player privacy protection is a high priority for BCLC and we will continue to keep our systems in line with industry best practices. For more on privacy, visit bclc.com/privacy

Anti-Money Laundering

With stringent anti-money laundering practices, BCLC reports to the Financial Transactions Reports and Analysis Centre of Canada (FINTRAC) as legislated, as well as to law enforcement. In 2012, we reported 70,550 large cash transactions. Following an independent review to improve our processes, we added steps to reduce cash reliance in casinos through player accounts, gambling cheques, electronic transfers and stronger cash-in/cash-out policies to augment measures already in place.

Sustainable Procurement

In 2012, we introduced a Sustainable Procurement Policy and this is another action that demonstrates our ongoing intent to reduce BCLC's operational, social and environmental impact. This policy aims to assist us in making sustainable and cost-effective purchasing decisions. We will also introduce sustainability standards for our suppliers as well as engage suppliers in reducing their own greenhouse gas emissions and other sustainability impacts.

"BCLC contributions to B.C. are vast–from significantly adding to B.C.'s economy, giving back to communities and enhancing the everyday lives of its residents by providing great entertainment."

Susan Dolinski, Vice-President, Communications and Public Affairs, BCLC

Although our mandate is to benefit British Columbians through offering safe and secure gambling entertainment, BCLC's impact in our province goes beyond that.

Shared Revenue

BCLC's games and facilities can be found in communities throughout the province—be they Scratch & Win tickets at remote convenience stores or major entertainment destinations such as the River Rock Casino Resort. In return, every community in B.C. benefits from the revenue earned by BCLC.

All British Columbians benefit from the many provincial and community services which are funded by BCLC net income. For instance, our community partners benefit by receiving a portion of the revenues that the facilities in their communities generate. This welcomed revenue is then used by local governments to help fund programs and initiatives that best serve their communities. In 2012/13 alone, BCLC delivered $84.5 million to communities that host gambling facilities, helping fund countless programs and initiatives.

For more on our Benefits to B.C. visit bclc.com/benefits

"Gaming revenue has made a meaningful difference to our community, such as our arena and aquatic centre improvements and operation of the Coliseum and Kin Centre. Today, we now have many widely used amenities that are a real source of pride as we lead up to hosting the 2015 Canada Winter Games."

Shari Green, Mayor, Prince George

Focus on Listening
to our players to deliver more of what they want and grow our business responsibly.

This year, BCLC made large strides in using feedback and data from our players to make our offerings more relevant and entertaining. We've looked at our systems and methods and we're making them better through business intelligence and analytics to deliver better service and value to players.

Player-Centric Learning

Innovative technologies are allowing BCLC to listen to our customers in improved ways. We continued to grow our online "xchange" panel for ongoing research and customer feedback, with a group that now exceeds 4,000 BCLC players who can be segmented in a variety of ways. We also embraced a social media monitoring tool to better connect with players and respond with feedback in a more timely and accurate manner. Additionally, BCLC launched a Voice of the Customer program which, when fully implemented, will enable us to gather instant feedback from players at every touchpoint.

We continued to support efforts that champion the notion of player-centric learning and decision-making across the entire organization. The most evident is the launch of our new gaming management system. This system reflects how we are redefining our business to become a more player-focused organization and to develop multichannel player relationships based on being where the player is, such as online, in a facility, or at retail. For more information, visit bclc.com/player-centric

Business Optimization

BCLC continually benchmarks against other best-in-class gambling operations and best-of-breed industries for operational performance. We are reviewing our divisions and business model with a view of operational excellence and efficiency, and setting BCLC on a solid foundation to deliver sustainable revenue to British Columbians for the long term.

"Learning more about how our products are performing and through listening to our players, we're able to give our players more of what they want—which is having a positive impact on our bottom line."

Todd Rende, Manager, Gaming Analytics, BCLC

For BCLC, addressing climate change involves balancing the need to reduce greenhouse gas emissions and environmental impacts while working to meet financial targets. BCLC is committed to supporting efforts that pursue environmental sustainability and carbon neutrality by engaging staff through conscientious business practices. Over the next three years we will continue to improve our environmental performance by addressing our operational footprint, supporting our service providers and lottery retailers and encouraging our employees to make sustainable choices inside and outside of work.

Greenhouse Gas Emissions

We remain on target to reach our 2020 goal of reducing reportable greenhouse gas emissions by 33 per cent against a 2007 baseline. In 2012, our reportable emissions reduced again. This was partly attributable to our move to a new Leadership in Energy and Environmental Design (LEED) certified facility and vacating our Richmond offices. We also made real reductions in our paper consumption and the reportable gas consumption of our vehicle fleet that deserve mention.

Waste Management

Through continual efforts, we now estimate that our Vancouver facility diverted approximately 90 per cent of its waste from landfill through recycling and composting in 2012. Despite a lack of local infrastructure in Kamloops, we continued to make progress at our facility there and introduced a wider ranging recycling program following the completion of a comprehensive waste audit.

Travel Reduction

Through technology upgrades at our Kamloops facility, BCLC conservatively estimates that in 2012 we were able to prevent approximately 195 tonnes of greenhouse gas emissions by utilizing video-conference technology to hold meetings. Its use has increased and in 2012 we recorded the most reportable hours of conferencing, the highest number of attendees and the most conferences booked since we began collecting data in 2009. The financial savings from reducing travel between Kamloops and Vancouver were also considerable—over $1 million based on average flight costs.

Lottery Ticket Paper

Following a successful trial, we introduced a thinner paper stock for our lottery retail terminals. The new roll will reduce the environmental impact from our traditional lottery tickets since the longer paper length will reduce the number of rolls purchased. We are continuing to track our consumption of lottery ticket paper and will expand our tracking to include Scratch & Win games.

"As technology drives our business, it also drives increased electricity consumption. That's why we have to do everything we can to support energy conservation."

Marsha Walden, Vice-President, Strategy, Transformation and Social Responsibility, BCLC

37% waste diverted from landfill

8,664 kg e-waste recycled

7,060m^3 office water use

1,403 total CO_2e for 2012
1.61 tonnes per FTE

Environmental Impact

BCLC is committed to improving our environmental sustainability. From the implementation of our Sustainable Procurement Policy and embracing technology to reduce travel requirements, to leading energy efficiency practices in our Vancouver office, as well as employee initiatives that support efforts such as recycling, composting and biking to work, BCLC is demonstrating continuous improvements in this area.

For more information on BCLC's environmental responsibility, visit bclc.com/environment

"We are offsetting increasing costs by being environmentally responsible. For instance, over the past five years we've decreased our natural gas consumption by the equivalent annual consumption from 26 homes."

Mark Cannon, Sustainability Specialist, BCLC

Highlights

A Record Setting Year

$1,127.6M
Net Income

You might be surprised to learn just how the revenues we generate from entertainment are distributed to British Columbians. We work hard to make a positive impact and this year's results are impressive:

- $706.8 million to the Province for public services
- $147.3 million to the Province's Health Special Account for health care, research, education and promotion of health issues
- $135.0 million to 5,000 charities and community organizations
- $84.5 million to 31 Host Local Governments with a community gaming centre or casino to fund local programs
- $20.0 million in local economic funding through Development Assistance Compensation to New Westminster, Penticton and Cranbrook to encourage economic development within those communities
- $12.3 million to the Gaming Policy and Enforcement Branch (GPEB) for industry oversight
- $9.2 million to the Government of Canada
- $7.0 million to the standardbred and thoroughbred sectors of the horse racing industry
- $5.5 million for responsible gambling initiatives

Visit: gaming.gov.bc.ca/revenue/index.htm

Awards

- Top Employer in B.C. by Mediacorp Canada Inc.
- SPCA of Kamloops' 2013 Caring Company Award
- National American Association of State and Provincial Lotteries Award for GameSense Print Ad

Launched

- Lotto Express in 706 lanes in 100 stores
- Gaming Management System in four gambling facilities
- PlayNow.com in Manitoba
- PlayNow Sports
- bclc.com
- Lotto Signature Store at Champlain Square
- Chances Chilliwack

Milestones

- $829.4 million in net income from Casino and Community Gaming
- $207.9 million from Scratch & Win revenues, beating 2002 record ($202 million)
- $298.2 million in net income from Lottery and eGaming
- $24 million in table net win from Chinese New Year in Metro Vancouver

Corporate Social Responsibility

- Responsible Gambling Awareness Week in five B.C. communities
- Inaugural New Horizons in Responsible Gambling conference
- $2 million investment in Centre for Gambling Research at the University of British Columbia (over five years)
- GameSense adopted by Manitoba
- BCLC's Sustainable Procurement Policy launched
- Greenhouse gas emissions reduced by 100 tonnes
- 90 per cent of Vancouver office waste recycled or composted
- 195 tonnes of greenhouse gas emissions averted by video conferencing instead of travelling
- RG Check at 13 B.C. casinos
- Nearly 44,000 player interactions and conversations at GameSense Info Centres
- Vehicle fuel consumption for business use reduced by over 26,000 litres
- Sponsor of 12 Kamloops community events
- 82 per cent employee engagement rate

- **$706.8M**
  to the Province for public services

- **$147.3M**
  to the Province's Health Special Account for health care, research, education and promotion of health issues

- **$135.0M**
  to 5,000 charities and community organizations

- **$84.5M**
  to 31 Host Local Governments with a community gaming centre or casino to fund local programs

Each year, local governments that host casinos or community gaming centres receive a share of net income generated by those facilities. The Host Local Government share charts show provincial payments made to Host Local Governments in 2012/13 as compared to 2011/12.

Host Local Government Share of Casino Revenue

Local Government	Casino	Total 2012/13	Total 2011/12
(in thousands of dollars)			
Burnaby	Grand Villa Casino	$ 8,826	$ 9,366
Coquitlam	Boulevard Casino	7,386	7,502
Langley	Cascades Casino	5,793	5,875
Kamloops	Lake City Casino	1,819	1,922
Kelowna	Lake City Casino	1,977	2,036
Ktunaxa/Kinbasket Tribal Council Society	Casino of the Rockies	1,344	1,365
Nanaimo	Casino Nanaimo	2,431	2,350
New Westminster	Starlight Casino	5,702	5,780
Penticton	Lake City Casino	1,594	1,683
Prince George	Treasure Cove Casino	2,622	2,627
Quesnel	Billy Barker Casino	500	520
Richmond	River Rock Casino Resort	15,701	14,804
Surrey	Fraser Downs Racetrack and Casino	2,998	2,878
Vancouver	Edgewater Casino	6,085	5,822
	Hastings Racecourse Casino	1,215	1,270
Vancouver Total		7,300	7,092
Vernon	Lake City Casino	2,001	1,948
View Royal	Great Canadian Casino View Royal	4,143	4,197
Total		$ 72,137	$ 71,945

Host Local Government Share of Community Gaming Centre Revenue

Local Government	Community Gaming Centre	Total 2012/13	Total 2011/12
(in thousands of dollars)			
Abbotsford	Chances Abbotsford	$ 971	$ 905
Campbell River	Chances Campbell River	684	687
Castlegar[1]	Chances Castlegar	452	283
Chilliwack[2]	Chances Chilliwack	496	–
Courtenay	Chances Courtenay	835	802
Cowichan Indian Band	Chances Cowichan	734	784
Dawson Creek	Chances Dawson Creek	831	840
Fort St. John	Chances Fort St. John	947	969
Kamloops	Chances Kamloops	659	542
Kelowna	Chances Kelowna	1,733	1,585
Langley	Playtime Gaming Langley	130	132
Maple Ridge	Chances Maple Ridge	820	787
Mission	Chances Mission	626	646
Port Alberni	Chances RimRock	427	450
Prince Rupert	Chances Prince Rupert	425	404
Squamish Nation	Chances Squamish	237	231
Surrey[3]	Newton Community Gaming Centre	188	–
Terrace	Chances Terrace	626	561
Williams Lake	Chances Signal Point	579	580
Total		$ 12,400	$ 11,188

1 Chances Castlegar opened July 26, 2011.

2 Chances Chilliwack opened October 30, 2012.

3 Newton Community Gaming Centre added slots on November 15, 2012.

BCLC casino and community gaming revenue charts show all revenue generated by B.C. gambling facilities on behalf of BCLC for 2012/13 as compared to 2011/12. Slot machine and table game revenue is recorded as "net win," which is revenue after prizes are paid. Bingo revenue is recorded as "sales," which is revenue before prizes are paid.

BCLC Casino Revenue

Casino	Service Provider	No. of Slot Machines	Slot Machine Revenue 2012/13	No. of Tables	Table Game Revenue 2012/13	Total Casino Revenue 2012/13	Total Casino Revenue 2011/12
(in thousands of dollars)							
Billy Barker Casino, Quesnel[1]	585 Holdings Ltd.	136*	$ 8,294	3	$ 2	$ 8,296	$ 8,709
Boulevard Casino, Coquitlam	Great Canadian Casinos Inc.	972*	103,132	64	36,129	139,261	144,064
Cascades Casino, Langley	Gateway Casinos and Entertainment Limited	812	88,019	31	18,006	106,025	108,639
Casino Nanaimo	Great Canadian Casinos Inc.	407*	39,869	6	3,371	43,240	43,035
Casino of the Rockies, Cranbrook	SEM Resort Limited Partnership	227*	13,262	11	829	14,091	14,553
Edgewater Casino, Vancouver	Edgewater Casino ULC	550*	62,244	57	54,047	116,291	113,572
Fraser Downs Racetrack and Casino, Surrey	Orangeville Raceway Ltd.	469	45,325	22	7,403	52,728	51,829
Grand Villa Casino, Burnaby	Gateway Casinos and Entertainment Limited	1001*	111,496	60	55,863	167,359	177,340
Great Canadian Casino View Royal	Great Canadian Casinos Inc.	601	65,483	13	8,212	73,695	75,276
Hastings Racecourse Casino, Vancouver	Hastings Entertainment Inc.	596	20,788	–	–	20,788	21,987
Lake City Casino Kamloops	Gateway Casinos and Entertainment Limited	301*	29,199	6	1,802	31,001	33,063
Lake City Casino Kelowna	Gateway Casinos and Entertainment Limited	450*	31,687	16	4,929	36,616	37,236
Lake City Casino Penticton	Gateway Casinos and Entertainment Limited	307*	26,242	9	1,351	27,593	29,255
Lake City Casino Vernon	Gateway Casinos and Entertainment Limited	404*	34,849	–	–	34,849	34,187
River Rock Casino Resort, Richmond	Great Canadian Casinos Inc.	1,110	133,747	108	181,972	315,719	301,018
Starlight Casino, New Westminster	Gateway Casinos and Entertainment Limited	857*	72,291	57	35,599	107,890	110,657
Treasure Cove Casino, Prince George	Treasure Cove Casino Inc.	540*	43,866	9	2,022	45,888	46,329
Total		9,740	$929,793	472	$ 411,537	$1,341,330	$1,350,749

* No. of slot machines includes electronic table games. Electronic table game revenue is reported within Slot Machine Revenue.

1 Table games (excluding poker) were removed at Billy Barker Casino on May 23, 2011.

BCLC Community Gaming Revenue

Community Gaming Centre or Commercial Bingo Hall	Service Provider	No. of Slot Machines	Slot Machine Revenue 2012/13	No. of Bingo Seats	Bingo Revenue 2012/13	Total Community Gaming Revenue 2012/13	Total Community Gaming Revenue 2011/12
(in thousands of dollars)							
Bingo Bingo Esquimalt	319968 BC Ltd.	–	$ –	189	$ 4,024	$ 4,024	$ 4,034
Chances Abbotsford	Playtime Peardonville Ventures Ltd.	186*	16,388	166	664	17,052	16,256
Chances Campbell River	Playtime Community Gaming Centres Inc.	125*	11,737	179	1,210	12,947	13,443
Chances Castlegar[1]	Terrim Properties Ltd.	100*	7,642	175	82	7,724	4,884
Chances Chilliwack[2]	Great Canadian Entertainment Centres Ltd.	175*	8,244	288	8,805	17,049	11,325
Chances Courtenay	Playtime Community Gaming Centres Inc.	164*	14,265	239	760	15,025	15,154
Chances Cowichan, Duncan	Duncan Dabber Bingo Society	150*	12,511	229	1,977	14,488	15,625
Chances Dawson Creek	Great Canadian Entertainment Centres Ltd.	149*	14,105	222	312	14,417	15,108
Chances Fort St. John	243045 Alberta Ltd.	178*	16,145	180	415	16,560	17,414
Chances Kamloops	Enterprise Entertainment Ltd.	137*	11,229	415	4,027	15,256	13,590
Chances Kelowna	Goldwing Investments (Saskatoon) Ltd.	270*	29,488	494	7,120	36,608	34,896
Chances Maple Ridge	Great Canadian Entertainment Centres Ltd.	100	13,891	450	3,491	17,382	17,158
Chances Mission	Gateway Casinos and Entertainment Limited	125*	10,562	115	1,090	11,652	12,237
Chances Prince Rupert	0733244 BC Ltd.	100*	7,168	136	1,060	8,228	8,368
Chances RimRock, Port Alberni	Alberni Valley Gaming Association	100*	7,205	99	1,324	8,529	8,882
Chances Signal Point, Williams Lake	Lucky's Ventures Ltd.	100*	9,774	320	1,893	11,667	12,102
Chances Squamish	Gateway Casinos and Entertainment Limited	100*	4,000	270	308	4,308	4,604
Chances Terrace	Lucky Dollar Bingo Management Ltd.	75*	10,776	144	1,058	11,834	10,900
Fairweather Bingo Hall, Vernon	Terrim Properties Ltd.	–	–	350	3,519	3,519	3,599
Harbour City Bingo Hall, Nanaimo	Harbour City Bingo Society	–	–	420	4,584	4,584	4,480
Newton Community Gaming Centre[3]	Gateway Casinos and Entertainment Limited	100	2,994	624	7,725	10,719	8,940
Planet Bingo, Vancouver	Community Gaming Management Association	–	–	426	9,670	9,670	9,960
Playtime Gaming Langley	Playtime Community Gaming Centres Inc.	50	2,188	312	4,689	6,877	7,480
Playtime Gaming Nanaimo[4]	Playtime Community Gaming Centres Inc.	–	–	–	1,500	1,500	2,420
Playtime Gaming Penticton	Playtime Community Gaming Centres Inc.	–	–	338	2,407	2,407	2,421
Playtime Gaming Victoria	Playtime Community Gaming Centres Inc.	–	–	485	3,634	3,634	3,752
Rocky Mountain Bingo, Cranbrook[5]	Terrim Properties Ltd.	–	–	–	–	–	518
Treasure Cove Casino, Prince George[6]	Treasure Cove Casino Inc.	–	–	633	8,925	8,925	9,382
Total Community Gaming Centres & Commercial Bingo Halls		2,484	$210,312	7,898	$ 86,273	$ 296,585	$ 288,932
Independent Bingo Hall Ka-Chingo Sales[7]						–	142
Paper Bingo Distribution Revenue						215	212
Total						$ 296,800	$ 289,286

* No. of slot machines includes electronic table games. Electronic table game revenue is reported within Slot Machine Revenue.

1 Chances Castlegar opened July 26, 2011.

2 Chances Chilliwack opened October 30, 2012 and operated as Chilliwack Bingo to October 21, 2012.

3 Chances Surrey name changed to Newton Community Gaming Centre on November 15, 2012 when slots went live at the site.

4 Playtime Gaming Nanaimo closed October 27, 2012.

5 Rocky Mountain Bingo, Cranbrook closed July 23, 2011.

6 Treasure Cove Casino slot machine revenue is reported on the BCLC Casino Revenue chart.

7 Ka-Chingo product decommissioned September 5, 2011.

Corporate Governance

Corporate governance refers to clearly defined processes with respect to the selection and composition of the Board and senior management and the division of responsibilities, decision making and accountability among the Board, senior management and our Shareholder to ensure BCLC's short and long-term success is consistent with our mandate and mission.

Governance Framework

As a Crown agent, BCLC complies with Government disclosure requirements for public accountability and transparency detailed in Best Practices Guidelines—B.C. Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations and the Board Resourcing and Development Office's Part Three.

More information is available at bclc.com/governance

The scope of our formal governance framework includes our:

- Corporate mandate, vision and mission
- Principles and guidelines for our Board of Directors, Chair, Board Committees, President and Chief Executive Officer
- Processes for strategic and succession planning
- Procedures for Board performance evaluations
- Government's Letter of Expectations outlining our commitment to deliver on performance expectations for the benefit of B.C.

Board of Directors

As set out in the *Gaming Control Act*, BCLC's Board comprises up to nine members who are appointed by the Lieutenant-Governor in Council. Currently, there are seven men and two women on BCLC's Board. While BCLC's senior management attend all Board meetings, in accordance with best practice, Board members also meet in camera at each meeting. The Board provides oversight and ethical leadership for long-term success for the Shareholder—the Government of British Columbia—and ensures our governance framework aligns BCLC business practices with Crown principles. There is currently no formal process by which employees are able to provide recommendations or direction to the BCLC Board.

Overall Board duties are:

- Appoint the CEO, plan their succession, approve their terms of reference and review their performance
- Participate in the development of BCLC's strategic and service plans
- Ensure the implementation and integrity of BCLC's internal control and management information systems
- Monitor operational and financial results
- Ensure BCLC operates within applicable laws and regulations and to the highest ethical and moral standards
- Ensure BCLC has a plan/policy to enable management and the Board to communicate effectively with Government, stakeholders and the public

Board Members

Chair:
John McLernon, Vancouver

Presiding Director of leadership and performance, and liaison between the Board and the Minister responsible for BCLC.

Vice-Chair:
Arthur Willms, Vancouver

Directors:
Trudi Brown, Victoria
David W. Gillespie, Kamloops
Cindy Grauer, Vancouver
Moray Keith, Delta
D. Neil McDonnell, North Vancouver
Michael Riley, Surrey
Bud Smith, Kamloops

Per the Code of Conduct and Conflict of Interest Guidelines, Directors act with prudent skill and diligence in the best interests of BCLC.

Board Committees

The Board assigns specific committees to fulfil responsibilities and Committee Chairs report performance and recommendations to the Board. The Chair of the Board and BCLC's President & CEO are ex-officio members of all committees.

AUDIT COMMITTEE	Liaises with auditors of BCLC financial operations; presents approved financial statements and quarterly reports to the Board; reviews financial information submitted to Government and the public; and oversees information systems, risk management and internal controls.	
	CHAIR:	Michael Riley
	MEMBERS:	David W. Gillespie; Moray Keith; D. Neil McDonnell; Arthur Willms
GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	Aligns governance focus to optimize overall performance; advances scope of corporate social responsibility; evaluates Board effectiveness; and plans succession for future Board composition.	
	CHAIR:	David W. Gillespie
	MEMBERS:	Trudi Brown; Bud Smith; Moray Keith
HUMAN RESOURCES AND COMPENSATION COMMITTEE	Aligns strategies, practices and succession with future goals; evaluates performance and compensation of the President & CEO; reviews employee compensation, benefits, resource allocation and training to drive performance.	
	CHAIR:	D. Neil McDonnell
	MEMBERS:	Cindy Grauer; John McLernon; Bud Smith
BCLC SENIOR MANAGEMENT AND EXECUTIVES	PRESIDENT & CEO:	Michael Graydon
	VICE-PRESIDENTS:	
	Peter Charlton	Human Resources
	Brad Desmarais	Corporate Security and Compliance
	Susan Dolinski	Communications and Public Affairs
	Rhonda Garvey	eGaming
	Kevin Gass	Lottery Gaming
	Lynette Hughes, CIO	Business Technology
	Jim Lightbody	Casino and Community Gaming
	Jervis Rodrigues, CFO	Finance and Corporate Services
	Marsha Walden	Strategy, Transformation and Social Responsibility
B.C. LOTTOTECH INTERNATIONAL INC. (LOTTOTECH)	This wholly-owned subsidiary leases BCLC capital assets which are budgeted and approved by our Board of Directors and included in our financial statements. Lottotech Officers are BCLC's President & CEO and Vice-Presidents.	

CSR Governance and Management bclc.com/CSR-governance

Government's Letter of Expectations

Purpose

Government's Letter of Expectations is an annual letter of direction to BCLC that reinforces the corporation's mandate, identifies strategic priorities and sets forth performance measures that form the cornerstones of the corporation's governance framework. This letter is intended to establish the basis for a positive and collaborative working relationship through the clear articulation of the responsibilities and expectations of both parties—a relationship that benefits all British Columbians.

A summary of how BCLC is working to fulfil the Government of British Columbia's expectations can be found below; the full Government's Letter of Expectations can be found at bclc.com/governance

Government Direction	BCLC Actions
Operate the gambling business within the social policy framework established by Government and in alignment with the corporation's Corporate Social Responsibility objectives, building public trust and support in a manner consistent with the Province's Responsible Gambling Strategy and with the corporation's Corporate Social Responsibility Charter;	Gambling is delivered within the social policy framework established by Government, in a manner that encourages responsible gambling and healthy choices. There is a continuing focus on enhancing responsible gambling programs and communicating access and availability of programs, including Voluntary Self-Exclusion and GameSense. GameSense helps players make informed decisions about our gambling products. GameSense Info Centres are in all casinos and community gaming centres and information is also available online at GameSense.ca, bclc.com and PlayNow.com. We support the Province in its efforts to reduce the incidence and harmful impacts of problem gambling and to educate and raise public awareness of responsible gambling and problem gambling. BCLC also actively participates with other Canadian jurisdictions to strengthen the industry commitment to share responsible gambling best practices. In January 2013, BCLC hosted an international conference, New Horizons in Responsible Gambling, featuring responsible gambling experts who discussed developments in prevention, response and best practices. In January 2013, BCLC also partnered with five communities and the Gaming Policy and Enforcement Branch to deliver Responsible Gambling Awareness Week in each of those communities. In accordance with Government goals and direction, BCLC is continuing to strive to reduce reportable greenhouse gas emissions from the 2007 baseline by 33 per cent by 2020. We have implemented a new Sustainable Procurement Policy and complied with new regulations governing the tracking and disposal of electronic waste, as well as maximizing our re-use and recycling programs.

Government Direction	BCLC Actions
Optimize the corporation's financial performance within the gambling framework established by Government, responding to customer and marketplace demands for the distribution of products and services, and proposing new revenue opportunities as they arise;	Within the gambling framework established by the Province of British Columbia, in 2012/13 BCLC achieved a record $1.128 billion in net income, $2.6 million over budget and $20.2 million higher than last year. Although BCLC did not achieve its net win target, net win was $22.8 million higher than the previous year. We were able to increase net income by diligently managing our costs. We are continuing our focus on our players. Future net income growth will come from revenue generating initiatives while sustaining our mature products, as well as a continuing focus on operational effectiveness and cost management.
Optimize the performance, security, integrity and efficiency of the corporation through the modernization of infrastructure, process and technology;	A key focus for the year was investing in the processes, systems and technology necessary to deliver optimal performance with efficiency, integrity and security. A primary focus was the multi-year replacement of the casino gaming management system which supports more than $1.6 billion in net win. This project is the largest BCLC has ever undertaken with a capital cost of more than $100 million.
Enhance the corporation's compliance policies and programs specific to anti-money laundering measures and enforcing age restrictions at gambling facilities;	This year, BCLC introduced identification scanning technology at the entrance of all gambling facilities to aid in the detection of minors.
Enhance the corporation's compliance and enforcement programs specific to anti-money laundering including implementing the action plan in the Province's anti-money laundering review;	In 2011, a provincial anti-money laundering review found that BCLC and its operators employ standard and appropriate anti-money laundering strategies. It also made four recommendations for BCLC to further strengthen anti-money laundering efforts at B.C. gambling facilities. Since the review, BCLC and its casino service providers, along with the Gaming Policy and Enforcement Branch, have worked together to develop cash-free buy-in options for players. We've also made a number of policy changes, such as enhancing electronic transfer options, providing more common electronic deposit options and allowing players to transfer verified wins or their original buy-in back into their bank account. All the recommendations of the action plan have now been completed.
Enhance programs, policies, procedures, training, and take any other measures deemed necessary and continued vigilance in ensuring all gambling workers are aware of, and acting on, their responsibilities under the law to prevent minors from accessing casinos or gambling products; and	In our facilities, we are continuing to work closely with our service providers on measures to prevent underage access including enhanced training of front-line staff, increased monitoring and education.
Operate within the Province's legislative framework and regulations and comply with policies, directives, and standards that may be issued from time to time by the Minister of Energy, Mines and Natural Gas, or the regulatory agency, the Gaming Policy and Enforcement Branch.	We operate our business within the legislative, regulatory and policy framework established by the Province of British Columbia. The corporation continues to comply with all policy directives issued by the Minister, including directives and standards issued by the Gaming Policy and Enforcement Branch.

Our Performance

BCLC's Board and Senior Executive conduct an annual review of our performance framework, which includes our mission, vision, goals, strategies, performance measures and associated targets and results as identified in our 2012/13–2014/15 Service Plan. In addition, this report also captures our Corporate Social Responsibility (CSR) targets that we will report on moving forward. We also gather results from other gambling jurisdictions with similar operations to assess our performance relative to comparable businesses.

How we Measure and Benchmark our Performance

Our performance targets are set based on trends in current performance and the expected impact of our programs to maintain or improve performance. For non-financial measures, we contract with independent third-party professionals to conduct surveys and use these results to measure our performance against targets. On a quarterly basis, we assess our results and use the data collected in these surveys to modify and improve business performance.

Public support for gambling, player awareness of responsible gambling activities, player participation and satisfaction are measured using an online survey conducted by a third-party research supplier using a random sampling of the B.C. adult population throughout the year. Samples are verified to ensure they are representative of B.C.'s regional population, age and gender balance. In the fourth quarter of 2012/13, BCLC made changes to how some of its non-financial performance measure results are assessed, changing from online surveys conducted by Research & Incite Consultants to Ipsos North America. The online methodology remained the same, although the composition of the sample panels may differ. This change affected surveys for public support for gambling, player awareness of responsible gambling activities, player satisfaction and participation.

Financial information is obtained from BCLC's audited financial statements and other internal reporting. Population figures from BC Stats and Statistics Canada are used to calculate some performance measures.

Employee engagement is measured on our behalf by Ipsos North America, a third-party research supplier that conducts an annual survey of BCLC employees.

Our external performance benchmarks are obtained from the audited publicly reported financial results published by the benchmark organizations, from La Fleur's World Lottery Almanac and from the Canadian Gambling Digest. We benchmark to the Ontario Lottery and Gaming Corporation (OLG), Loto-Québec (LQ), the Swedish lottery Svenska Spel (Svenska) and the Canadian gambling average. The Canadian gambling average does not include BCLC's results.

These benchmarks provide insight into BCLC's performance against national averages and comparable gambling jurisdictions. We review the performance results published by other gambling organizations annually for additional benchmarking opportunities.

A more detailed explanation of the methodology used for each measure and our benchmarking is contained in Appendix 2.

Our Corporate Social Responsibility committee provided direction on selecting the relevant CSR strategies, performance measures and targets.

For our CSR performance summary, visit bclc.com/CSR-performance

2012/13 – 2014/15 Performance Framework

Perspective	Goals	Strategies	Performance Metrics
Public/Planet	1. Build public trust and support for BCLC gambling	· Demonstrate a high level of corporate citizenship and social, economic and environmental responsibility	· Public Support for Gambling (%) · Player Awareness of Responsible Gambling Activities (%) · Level of Greenhouse Gas (GHG) Emissions (CO_2e)
		· Engage key stakeholders in an informative dialogue	· Agreement to the Statement "I Have Trust and Confidence in the Games Offered by BCLC" (%) · Community Engagement Sessions Held (#)
		· Integrate CSR into governance and management systems	· Recommendations Implemented to Increase Board Oversight of CSR (%) · Products and Promotions Covered by a CSR Assessment (%) · Employees Who Completed "Where's Your GameSense" Course (%)
		· Offer games and conduct business in a way that is fair, honest and trustworthy	· Pass Rate in Lottery Retail Mystery Shop Program (%) · Substantiated PlayNow.com Player Complaints (%)
		· Reduce energy use, reportable greenhouse gas emissions, waste to landfill, water use and paper consumption	· Waste Diverted from Landfill (%) · E-Waste Recycled (kg) · Office Water Use (m^3)
		· Engage employees and service providers in reducing their environmental impacts	· Gambling Facilities That Use CSR Reporting Tool Software (#)

For more information about what we plan to do differently in 2013/14–2015/16 and why, see Appendix 1.

Note: Green text denotes Corporate Social Responsibility (CSR) strategies and performance metrics.

Perspective	Goals	Strategies	Performance Metrics
Player	2. Create a player-centric company	· Improve the organizational capacity to hear, anticipate and act upon customer expectations and desires · Offer exceptional entertainment through innovative and engaging channels and products	· Player Satisfaction (%) · Player Participation (%) · Net Win per Capita ($)
		· Maintain a world-class responsible gambling program	· World Lottery Association Certification Level Achieved · Responsible Gambling Interactions at GameSense Info Centres (#)
		· Protect player privacy	· BCLC's Privacy Practices for PlayNow.com Registrants are TRUSTe Compliant
		· Support our service providers in developing effective responsible gambling practices	· Casinos and Community Gaming Centres Certified by RG Check (#) · New Service Provider Employees Who Passed Appropriate Response Training (%) · Service Provider Employees Who Rated Appropriate Response Training as Good or Excellent (%)
Profit	3. Invest in infrastructure and technology to drive innovation that enables our growth	· Design processes and implement technology that improve operational effectiveness and prepare for the future · Enable an integrated multichannel community	· Net Income ($) · General Operating Costs as % of Net Win · Electronic Gaming Devices per 1,000 Population
People	4. Have a workforce passionately driving the success of our business	· Make BCLC a great place to work	· Employee Engagement (%) · Employee Vacancy Rate (%)
		· Create a workplace culture that supports employee mental, physical, social, and financial well-being, including work-life balance and professional development	· Average Number and Duration of Short-Term Disability Claims and the Number that Transition to Long-Term Disability Cases (#) · Average Hours of Training per Year per Employee (#)
		· Promote a community investment program that supports a workplace culture of social wellness and values both corporate and individual contributions	· Employees Who Entered the BCLC Volunteers Storytelling Contest (#)
		· Create a workplace that understands, supports and is engaged in CSR	· Employees Who Agree BCLC is a Good Corporate Citizen and Understand What CSR Means to BCLC (%)

Note: Green text denotes Corporate Social Responsibility (CSR) strategies and performance metrics.

2012/13–2014/15 Performance Measures

	Performance Metric	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Public/ Planet	Public Support for Gambling[1]	57%	59%	58%	63%
	Player Awareness of Responsible Gambling Activities	79%	80%	81%	78%
	Level of Greenhouse Gas Emissions (CO_2e tonnes by calendar year)	2010: 1,504[2]	2011: 1,506	2012: 1,484	2012: 1,403
Player	Player Satisfaction	82%	83%	82%	85%
	Player Participation (at least monthly)	63%	62%	62%	69%[3]
	Net Win per Capita ($)	447	447	460	450
Profit	Net Income ($ millions)	1,106	1,107	1,125	1,128
	Operating Cost Ratio (% of Net Win)	41.5%	42.0%	42.6%	41.2%
People	Employee Engagement	80%	81%	80%	82%
	Employee Vacancy Rate	1.2%	1.9%	3.0%	4.4%

2013/14–2015/16 Performance Measures

	Performance Metric	2013/14 Target	2014/15 Target	2015/16 Target
Player	Player Satisfaction	83%	83%	83%
	Player Participation (at least monthly)	62%	63%	64%
	Player Awareness of Responsible Gambling Activities	80%	82%	83%
	Net Win per Capita ($)	467	479	492
People	Employee Engagement	80%	80%	80%
	Employee Vacancy Rate	4.0%	4.0%	4.0%
Public	Public Support for BCLC[4]	80%	81%	83%
	Level of Greenhouse Gas Emissions (Co_2e tonnes by calendar year)	2013: 1,439	2014: 1,382	2015: 1,326
Profit	Net Income ($ millions)	1,172	1,202	1,237
	Operating Cost Ratio (% of Net Win)	42.5%	42.5%	42.5%

1 Public Support for Gambling will not be used as a corporate metric after the 2012/13 fiscal year.

2 BCLC's previous report of 1,502 CO_2e tonnes was misstated.

3 2012/13 result based on surveys conducted over the first three quarters of the year and excluding the fourth quarter due to a change in the survey questions.

4 Public Support for BCLC was added as a corporate metric in 2013/14, replacing Public Support for Gambling.

2012/13–2014/15 Performance Measures

Public/Planet

Public Support for Gambling

Description

Public support for gambling measures the percentage of adult British Columbians who support legalized gambling. Analysis of the key drivers of this metric determined that communication about our social responsibility efforts does not translate directly into increased results in the percentage of adult British Columbians who support legalized gambling.

The measurement of public support for gambling may not be providing results that are specific to BCLC, as widespread Internet access provides many gambling options offered by illegal, private companies. We have not benchmarked this measure to other gambling jurisdictions due to a lack of comparable data.

	2012/13 Result	2012/13 Target
Support	63%	58%

Significant Changes from Previous Service Plan

This measure was changed slightly in the fourth quarter of 2012/13 when the wording of the statement used in the survey was modified.

While BCLC's result for this measure increased this year, our analysis shows that public support for BCLC provides another indicator as we manage our gambling business and marketplace.

Targets

Starting in 2013/14 BCLC will revert to reporting on a metric used in previous years, public support for BCLC, in place of public support for gambling.

Targets for public support for BCLC have been set to reflect an increase over the next several years. This increase correlates with an increase in our social responsibility programs.

Player Awareness of Responsible Gambling Activities

Description

A key component of BCLC's provision of commercial gambling is our commitment to strengthening responsible gambling programs and their delivery. Player awareness of responsible gambling activities measures the percentage of our players who are aware of one or more of BCLC's five key responsible gambling programs. This measure determines how effective we are at reaching out to our players about our responsible gambling activities.

Player awareness of responsible gambling activities is significantly influenced by BCLC's ability to communicate and connect with players with appropriate programming and messages. Our responsible gambling messaging includes communications at the point of purchase, within gambling facilities, on PlayNow.com and bclc.com and as part of our product advertising.

In 2013/14, BCLC plans to increase its responsible gambling programs with the objective of preventing and reducing problem gambling incidents. These programs will include communication about responsible gambling, player-focused promotional programming in our gambling facilities and our online sites and enhanced training programs for BCLC employees, our service providers and their employees. The escalating target levels have been set to reflect the increase in programs and communication about responsible gambling.

	2012/13 Result	2012/13 Target
Awareness	78%	81%

Significant Changes from Previous Service Plan

BCLC's results were below the target set partially due to a reduction in messaging and also due to changes to the wording of the survey statements and survey supplier during the fourth quarter.

Targets

	2013/14	2014/15	2015/16
Awareness	80%	82%	83%

Level of Greenhouse Gas (GHG) Emissions

Description

BCLC uses standard calculations provided by the Province to convert and report our greenhouse gas (GHG) emissions in a standard format. This calculation is completed and reported in metric tonnes of carbon dioxide emissions (CO_2e) by calendar year. Data is obtained from suppliers of electricity, natural gas, fleet fuel, paper suppliers and from internal financial and procurement reporting.

Since 2010, BCLC has been required to meet the requirements for carbon neutrality set out in the *Greenhouse Gas Reductions Target Act* and pursue actions to minimize GHG emissions. BCLC's reportable GHG emissions result from buildings, fleet vehicles and certain office paper supplies.

BCLC views sustainability as a key component of Corporate Social Responsibility and is advancing environmentally sustainable behaviours in our organizational culture as an integral component of business modernization. This year, part of the decrease was due to no longer having responsibility for our old Richmond office space; however, our vehicle fleet has driven less business miles and we also used far fewer packets of office paper in 2012 than in any of the preceding five years. One of the ways BCLC will continue to meet the targets is by investing in building infrastructure at our Kamloops office to reduce emissions, particularly from natural gas.

To align with Government's reporting cycle, our data for this metric covers the calendar year, not the fiscal year.

	2012 Result	2012 Target
CO_2e Metric Tonnes	1,403	1,484

Significant Changes from Previous Service Plan

There are no changes to the objectives for this measure.

Targets

Figures are reported in CO_2e metric tonnes by calendar year. Our targets are based on achieving a 33 per cent reduction in reportable emissions from a 2007 baseline by 2020.

	2013	2014	2015
CO_2e Metric Tonnes	1,439	1,382	1,326

Agreement to the Statement "I Have Trust and Confidence in the Games Offered by BCLC"

Description

It is important that we instill confidence in our players. Annually we measure the level of public trust in our products. This year, 56 per cent of the public surveyed agreed with the statement "I have trust and confidence in the games offered by BCLC." To influence this performance measure, we actively engage a wide range of community groups on specific issues in our business, detailed in the Community Engagement Sessions Held performance measure section below.

	2012/13 Result
Agreement	56%

Community Engagement Sessions Held

Description

Each year, we actively engage with the communities in which we operate. This includes a wide range of groups, such as local governments, chambers of commerce, boards of trade, business improvement associations, tourism associations and community services groups. In 2012/13, we implemented our community engagement strategy and participated in a total of 44 community engagement sessions. This included a diverse range of stakeholders in the South Surrey entertainment complex proposal. We also launched our first annual Responsible Gambling Awareness Month (RGAM) in five B.C. communities.

Next year, we will continue to expand our stakeholder engagement program on key topics of mutual interest. We are also developing a multi-year corporate reputation strategy that will better align the many Corporate Social Responsibility and public affairs initiatives to build understanding of BCLC's purpose and business.

	2012/13 Result
Sessions Held	44

Public/Planet

Recommendations Implemented to Increase Board Oversight of CSR

Description

A review of the BCLC Board's governance was conducted in 2011 following Canadian Business for Social Responsibility's (CBSR) Corporate Social Responsibility (CSR) Governance Guidelines. Through this review process, we identified a number of opportunities for enhancing BCLC's CSR governance.

We have completed three out of four key opportunities for improvement, including: increase Board oversight over CSR performance against goals, objectives and targets; build Board capacity to understand CSR implications of decisions; and include CSR in director recruitment, orientation, education and evaluation. We hope to work towards accomplishing the fourth opportunity next year—adopting a long-term CSR vision for BCLC—through the process of updating our CSR Charter.

	2012/13 Result	2015/16 Target
Implemented Recommendations	75%	100%

Products and Promotions Covered by a CSR Assessment

Description

The Corporate Social Responsibility Assessment (CSRA) process is a means by which the responsible gambling team is consulted on the impacts of BCLC's product advertising and promotions. Any time a new sales and marketing initiative or product development is being contemplated, our brand managers complete an online CSRA, which allows them to describe the initiative and review key questions about the messaging. They include draft copies of the advertising or collateral material, and these are reviewed for compliance with our responsible gambling standards. Our team looks for a number of elements that could be problematic, such as imagery that appeals exclusively to minors, messaging that excessively glamorizes gambling or presents it as an alternative to employment. For new game development, we also have a CSRA process to evaluate player risk, using a product called GAM-GaRD, which helps us evaluate how to mitigate future concerns.

This year, we completed 365 CSRAs, which are required for all new products and promotions. Next year, we are working towards revising the CSRA process to provide more accountability by brand managers now that they have working familiarity with the responsible gambling standards. The responsible gambling team would then play a more consultative role, providing spot checks and/or feedback on key advertising or promotional pieces (rather than reviewing each initiative in its entirety).

	2012/13 Actual
CSRAs Completed	365
Products and Promotions Covered	100%

Employees Who Completed "Where's Your GameSense" Course

Description

"Where's Your GameSense" is an online training course that we require of all BCLC employees. The course is designed to educate employees about responsible and problem gambling, about our GameSense programming, and about how we support players in making informed decisions about gambling. This year, 187 new BCLC employees were registered to take the "Where's Your GameSense" course. Of those, 185 have completed and passed, resulting in a compliance rate of 99 per cent. Next year we plan to update the course and add a three-year refresher policy.

	2012/13 Result
Course Completion	99%

Pass Rate in Lottery Retail Mystery Shop Program

Description

Our Mystery Shop program helps us see how retailers operate day-to-day and make sure standards are being met by the retailers who sell lottery products. We also confirm equipment is operating as it should and verify that communications between BCLC and retailers are working. Our Corporate Security and Compliance team oversees mystery shops to determine whether lottery retailers are complying with policies and procedures that include: returning tickets and providing validation slips; checking to see if the Player Display Unit is clearly visible; checking to see that lottery tickets remain visible to the player throughout the validation procedure; and that they are paying out correct prize amounts and following appropriate processes.

Any infraction of the Lottery Retailer Agreement by a lottery retailer is investigated by BCLC. If the infraction is related to integrity, we notify our regulator, the Gaming Policy and Enforcement Branch (GPEB), immediately. If the infraction is related to a BCLC policy, we notify GPEB at the conclusion of our investigation.

Last year, lottery investigators and sales staff were heavily involved in providing positive feedback to retailers, contributing to our increase in pass rates. In addition, information was provided to retailers during site visits by territory managers as well as in our retailer e-bulletins.

	2012/13 Result
Pass Rate	88%

Substantiated PlayNow.com Player Complaints

Description

This year, of 311 complaints received from PlayNow.com players, 18 (six per cent) were substantiated as relating to game, transaction or prize disputes. Substantiated claims are those that, upon investigation, are verified to be legitimate. Unsubstantiated claims are allegations that have not been established as truthful or valid. We aim to keep the number of substantiated PlayNow.com player complaints low by continuing to thoroughly test all games on the site prior to launch, use preventative measures to ensure the site is working at an acceptable capacity, and comply with our Regulatory Technical Standards.

	2012/13 Result
Substantiated Complaints	6%

Waste Diverted from Landfill

Description

We measure the percentage of waste diverted from landfill from our two offices, including compost, paper and cardboard recycling, and mixed container recycling. To align with Government's reporting cycle, our data for this metric covers the calendar year, not the fiscal year.

In 2012, we achieved a 37 per cent diversion rate, averaged between both offices. Approximately 90 per cent of waste was recycled or composted from our Vancouver office. Unfortunately, our Kamloops office continues to be a challenge given that the recycling infrastructure is not as easily accessible as the Metro Vancouver area, which means they are unable to compost.

Following a comprehensive waste audit conducted in Kamloops, we have determined that currently only about 16 per cent of total waste is recycled. We need to find a way to divert the compostable organics from the Kamloops waste stream, which could further reduce landfill levels by over 60 per cent.

We will continue to seek ways to reduce and divert wastes from both office locations. Our three-year target for waste diverted from landfill includes both BCLC offices, and aligns with Metro Vancouver's strategic goal of 70 per cent diversion by 2015.

	2012 Result	2015 Target
Diversion Rate	37%	70%

Public/Planet

E-Waste Recycled

Description

In 2012, the Province's electronics waste (e-waste) regulation was extended and our lottery retail terminals and slot machines are now included. Although we have been consciously managing our e-waste to minimize environmental impacts for several years, the new regulations required that we review and amend our processes to ensure compliance. Initially we submitted a Product Stewardship Plan to the Ministry of Environment that detailed how we at BCLC would manage end-of-life e-waste. However, later in the year we were able to take advantage of a new industry-led program that allowed us to streamline administration and reduce annual costs while remaining in full compliance.

We started reporting on the weight of e-waste recycled in July 2012, so current data covers only six months. To align with Government's reporting cycle, our data for this metric covers the calendar year, not the fiscal year.

	July–December 2012 Result
E-Waste Recycled	8,664 kg

Office Water Use

Description

Differences in water consumption between our two offices, Kamloops and Vancouver, result from what data is reported, and the age of the Kamloops facility. The Vancouver building is much newer and has Leadership in Energy and Environmental Design rated water saving fittings, helping to reduce consumption. Kamloops includes both irrigation water use as well as domestic, whereas Vancouver only includes domestic.

In Kamloops, we consumed 4,728 m^3 of water and in Vancouver 2,332 m^3 in 2012. Water use in Vancouver was higher than expected in 2011 due to a leak which has since been detected and resolved. To align with Government's reporting cycle, our data for this metric covers the calendar year, not the fiscal year.

	2012 Result
Water Use	7,060 m^3

Gambling Facilities That Use CSR Reporting Tool Software

Description

This year we conducted a Request For Proposal process to purchase Corporate Social Responsibility (CSR) reporting software, which will help us monitor and report on our CSR performance measures moving forward. In 2013/14, we plan on fully implementing the software within BCLC and, over time, encouraging our service provider gambling facilities to contribute data that can be tracked in our system. Over the next three years, our target is to have at least five service provider gambling facilities adding data to our CSR reporting tool software.

	2012/13 Result	2015/16 Target
Software Use	0	5

Player

Player Satisfaction

Description

Player satisfaction is a measure of satisfaction with the products, services and facilities BCLC offers in each of our gambling channels. The metric gauges BCLC's overall success in transforming to become more player-centric.

BCLC's level of player satisfaction is very positive. Our plans to continue to focus on becoming more player-centric are expected to maintain these results, as well as positively impact the longer term strategy of broadening the level of player participation, and ultimately achieve revenue growth targets.

	2012/13 Result	2012/13 Target
Satisfaction	85%	82%

Significant Changes from Previous Service Plan

There are no changes to the objectives for this measure.

Targets

Through the move to become a more player-centric organization our targets have been set to maintain the high level of player satisfaction that has been achieved recently.

	2013/14	2014/15	2015/16
Satisfaction	83%	83%	83%

Player Participation

Description

Player participation measures the percentage of adult British Columbians who play a BCLC game or visit a BCLC gambling facility at least monthly. By measuring frequency, we have a gauge of players' play behaviour and can better understand how successful we are in attracting them to play our games and visit our facilities.

	2012/13 Result	2012/13 Target
Participation	69%	62%

Significant Changes from Previous Service Plan

Changes were made to the wording used in the survey to gauge our level of success for this measurement in the fourth quarter. As a result of this change, BCLC is using only the results for the first three quarters of the 2012/13 year. Going forward, we expect our results to be lower than our 2012/13 result, as the new survey helps us to determine the difference between visits to gambling facilities and playing the games we offer at casino facilities.

Targets

The targets have been set based on the new survey with the goal of increasing player participation levels over the next several years.

	2013/14	2014/15	2015/16
Participation	62%	63%	64%

Player

Net Win per Capita

Description

This measure is widely used in the gambling industry and is the calculation of sales after prizes are paid divided by the total population. Net win is available publicly in BCLC's financial statements. For lottery and bingo games, net win is calculated by deducting prizes from gross sales. Casino game prizes are paid during game play. Net win per capita will not grow if the population rate of growth is higher than the rate of net win growth.

Net win per capita tells us how successful we are in growing revenue in relation to the provincial population and indicating the extent to which BCLC is able to balance offering gambling entertainment with responsible gambling to grow income.

	2012/13 Result	2012/13 Target
Canadian Average: $399	$450	$460

Significant Changes from Previous Service Plan

There are no changes to the objective for this measure, however the targets are updated each September when BCLC conducts its annual review of our financial performance and sets targets for the next three years based on our 2012/13 forecast growth in net win. Our forecast takes into account standard economic indicators used by the Province and the planned introduction of new products, services and facility developments.

While net win per capita grew over the previous year, the 2012/13 result was below the target. Lottery net win exceeded budget through strong performance in the core lottery products of Lotto 6/49, LOTTO MAX and Keno. PlayNow.com, while under budget, continues to focus on enhancements to the casino and sports offerings, as well as optimizing the site for new mobile technologies. Casino and community gaming was also below budget as challenges to planned site relocations have flattened growth. Upgrades to existing facilities continue to be a priority. BCLC continues to compete for consumer discretionary entertainment dollars through increasing our focus on the player.

Targets

	2013/14	2014/15	2015/16
Net Win per Capita	$467	$479	$492

World Lottery Association Certification Level Achieved

Description

We assess our responsible gambling programming through participation in the World Lottery Association (WLA) responsible gambling framework in order to determine how we compare to world class standards. BCLC has been recognized by the WLA for adopting and putting into action international responsible gambling principles aimed at protecting players in B.C. The seven principles address areas of player protection, collaboration with other stakeholders, research, promotion, informed player choice, monitoring and reporting.

BCLC has set as a goal achieving and remaining at Level 4, the highest level, of the WLA responsible gambling framework. We first attained Level 4 in 2010, demonstrating that our responsible gambling programs are well established, show commitment to continual improvement, and are among the best in the world. Certification is valid for three years and this year we submitted our application for re-certification. As we need to demonstrate continual improvement in order to re-certify, our three-year target is to maintain Level 4 certification.

	2010 Result	2013 Target
Certification	Level 4 Achieved	Level 4 Achieved

Responsible Gambling Interactions at GameSense Info Centres

Description

GameSense Info Centres (GSICs) are located in every B.C. casino and community gaming centre, and patrons who visit the centres are encouraged to think about responsible gambling through fun and engaging activities. GameSense Advisors (GSAs), contracted through the Province, staff the centres located at casinos to provide personalized education on responsible play strategies; support and training for venue staff to reinforce Appropriate Response Training principles; and, assistance in addressing issues related to problem gambling and completion of the Voluntary Self-Exclusion process. This year, 49 educational activities were developed and delivered to gambling facility patrons and staff to increase awareness of the centres, house edge in games of chance, how the games work, and problem gambling resources. As a result, GSAs recorded nearly 44,000 individual interactions with casino patrons.

This year at the GSIC located at River Rock Casino Resort in Richmond, we introduced a two-week pilot initiative called "Clear the Air," in which we combined responsible gambling education and environmental benefit. For every customer who engaged in an educational activity about knowing the odds, we planted a symbolic "tree" at the GSIC, upon which many customers wrote a personalized message of social responsibility. In total, we purchased 150 tonnes of greenhouse gas emission offsets (the rough equivalent of planting 600 trees) based on the number of customer interactions. We continue to introduce new methods of engaging players to increase the meaningful responsible gambling conversations we are able to have with our patrons.

	2012/13 Result
Interactions	43,823

BCLC's Privacy Practices for PlayNow.com Registrants are TRUSTe Compliant

Description

We strive to implement best privacy practices for PlayNow.com registrants. The TRUSTe Privacy Seal Program helps consumers identify responsible privacy practices. PlayNow.com was TRUSTe certified on March 9, 2012. Our goal is to maintain compliance with TRUSTe's Privacy Seal Program requirements for renewed certification.

	2012/13 Result	2015/16 Target
TRUSTe Compliant	Achieved	Achieved

Casinos and Community Gaming Centres Certified by RG Check

Description

RG Check is an accreditation program created by the Responsible Gambling Council (RGC) based on standards and criteria reflecting international best practices. The program offers gambling companies the opportunity to qualify for an independent endorsement of their responsible gambling safety net. Certification is valid for three years.

This performance measure is cumulative—we introduced the program in 2011/12 and our target is to have all our casinos and community gaming centres fully certified by early 2014/15. Since the program's launch in 2011/12, all of our sites tested have passed, with 13 sites certified and nine pending certification (the draft stage of their report). Next year, we have 13 more sites scheduled to proceed through the RG Check process. We also plan on implementing recommendations from the Responsible Gambling Council to improve our policies and programs, as outlined in RG Check reports.

	2012/13 Result	2014/15 Target
Sites Certified	13 (36%)	36 (100%)
Pending	9	

Player

New Service Provider Employees Who Passed Appropriate Response Training

Description

BCLC requires all gambling facility employees who have the potential to interact directly with players to successfully complete Appropriate Response Training (ART). ART is an educational program that prepares BCLC and service providers' employees to know how to assist players who may be experiencing problems with their gambling. ART is mandatory for all front-line workers, management and security personnel, and refresher training is offered throughout their employment. This performance measure includes both Level 1 (online) and Level 2 (in-person) ART training. This year, a total of 1,177 service provider employees registered for ART (Level 1 and 2 combined). Of this total, 1,139 passed, resulting in a 97 per cent overall compliance rate.

	2012/13 Result
Compliance Rate	97%

Service Provider Employees Who Rated Appropriate Response Training as Good or Excellent

Description

To assess and improve how Appropriate Response Training (ART) is received by BCLC service provider employees, we request that participants provide feedback after taking the course. The course evaluation is based on a number of attributes, such as the quality, amount, and organization of information presented, as well as the quality of interactive learning activities.

Based on feedback, we made some revisions to improve ART Level 1, this year. We clarified escalation procedures, included more information on problem gambling (such as risks, signs and impacts) and interaction scenarios, and added a quick navigation feature, to enable learners to review sections within the course prior to completing the quiz. We have also launched a refresher course for employees to keep their training current.

	2012/13 Result
Good or Excellent Rating	83%

Profit

Net Income

Description

Net income is the total amount of income generated from BCLC gambling after all expenses. Net income is sent to the Province of British Columbia and is used to fund public health care, education, charitable and community programs. As a result of an agreement between the federal and provincial governments, the Government of Canada receives a portion of BCLC's net income.

Net income is a direct indicator of BCLC's success in meeting our mandate to generate income for the benefit of all British Columbians.

	2012/13 Result	2012/13 Target
$ million	$1,128	$1,125

Significant Changes from Previous Service Plan

Net income targets are updated annually based on past performance and future growth opportunities. The forecasts take into account standard economic indicators used by the Province.

BCLC set a new record in net income performance in 2012/13, exceeding the budget by $2.6 million. A reduction in operating expenses through operational efficiencies, combined with an increase in net win, led to a net income increase of $20.2 million above the 2011/12 achievement.

Targets

	2013/14	2014/15	2015/16
$ million	$1,172	$1,202	$1,237

General Operating Costs as % of Net Win

Description

This performance indicator measures the ratio of consolidated operating costs as a percentage of net win to provide a measure of our operational efficiency. The operating cost ratio is the result of Consolidated Operating Costs divided by Consolidated Net Win, calculated from information available publicly in BCLC's financial statements and expressed as a percentage.

BCLC uses this measure to assess our success in balancing the generation of sales with the cost of operating the business, providing insight into our business effectiveness.

In 2013/14 BCLC is continuing its investments in modernizing and optimizing the business. This investment is done with a commitment to keeping our operating cost ratio at consistent levels for the next three years while continuing to replace legacy systems.

	2010/11 Benchmark Average	2012/13 Result	2012/13 Target
Ratio	49.2%	41.2%	42.6%

Significant Changes from Previous Service Plan

During the 2012/13 year, BCLC adjusted the operating costs ratio calculation to include ticket printing to allow us to better benchmark against the annual reports of other gambling regulated jurisdictions.

Operational efficiencies through optimization, combined with careful cost management, resulted in BCLC's 2012/13 operating expenses being $53.0 million under budget. We are modernizing our business with a focus on investing in our technology infrastructure.

Targets

BCLC plans to maintain its targeted operating cost ratio over the next three-year period through careful control of our operating costs while maintaining our commitment to modernization.

	2013/14	2014/15	2015/16
Ratio	42.5%	42.5%	42.5%

Profit

Electronic Gaming Devices per 1,000 Population

Description

BCLC formerly used this metric to gauge the ratio of electronic gaming devices to B.C.'s population.

Significant Changes from Previous Service Plan

This measure has been discontinued, as access to casino-style games is also available through PlayNow.com and as it has not provided BCLC or the public with any insight related to market sizing where facilities are located.

BCLC did not set targets for this measure, but did benchmark to other gambling jurisdictions to monitor how availability in B.C. compares to other provinces. As the number of jurisdictions implementing Internet gambling sites continues to increase, this measure has lost its relevancy.

People

Employee Engagement

Description

This performance metric measures the engagement level of BCLC employees. Employee engagement is defined as the intellectual and emotional involvement employees have in an organization. Highly engaged employees exert extra effort and are dedicated to doing the very best job possible to contribute to the organization's success. Organizations with high employee engagement are also more successful at recruiting and retaining employees.

BCLC has maintained an engagement level at 80 per cent or higher since 2008/09 and our objective continues to be to maintain this level of employee engagement over the next three years as a key component of the success of our organization.

	2012/13 Result	2012/13 Target
Engagement	82%	80%

Significant Changes from Previous Service Plan

There are no changes to the objective or target of maintaining our results for this measure. Targets are set each year in our December planning period, with the survey conducted in early spring.

Targets

	2013/14	2014/15	2015/16
Engagement	80%	80%	80%

Employee Vacancy Rate

Description

Employee vacancy rate measures BCLC's employee turnover, competitiveness and the effectiveness of recruitment processes.

In past years, the vacancy rate has been low, reflecting limited growth and low turnover of employees in a flat labour market. The past year vacancy rate of 4.4 per cent is reflective of a year when our business has been undergoing transformation that will support our future growth. The labour market is becoming more competitive though we are also experiencing a faster time to hire due to BCLC's strong brand presence in the market. We anticipate this trend will continue as our business continues to adapt and grow to the changing business and market needs.

	2012/13 Result	2012/13 Target
Vacancy Rate	4.4%	3.0%

Significant Changes from Previous Service Plan

There are no changes to the objectives for this measure.

Targets

Our targets reflect our expectation that the number of full-time equivalent positions will be stable and employee turnover will remain low, but closer to the level experienced prior to 2009/10.

	2013/14	2014/15	2015/16
Vacancy Rate	4.0%	4.0%	4.0%

Average Number and Duration of Short-Term Disability Claims and the Number that Transition to Long-Term Disability Cases

Description

This year, there were 54 new Short-Term Disability cases, the average duration of which was 33.8 calendar days. Only nine of these cases transitioned to Long-Term Disability claims. By comparison, last year there were 87 new Short-Term Disability claims, the average duration of which was 38.1 calendar days and 16 Short-Term Disability cases transitioned to Long-Term Disability claims.

To influence this performance measure, in 2012/13 we introduced a program that shifts our focus from income replacement to a return to productivity sooner. At a broader level, we also redesigned and launched BCLC's flexible health and dental package, "my benefits," which meets employees' changing needs, expands the level of access to preventive care and engages employees in their physical health. We revised our occupational health and safety policy and programming to reflect a new direction set by our Occupational Health and Safety Committee.

Next year, we will further work towards employee wellness. We plan to develop and implement a workplace wellness strategy and implement a Healthy Workplace Scorecard to measure results. We plan to launch a comprehensive employee financial wellness program that supports employees with the knowledge and tools necessary to achieve financial health; design and launch a comprehensive mental health program that includes raising awareness, training, education and support for employees and managers and addresses work and home life; refresh the employee recognition program that reflects corporate values of innovation, contributions towards the growth of the business, and community involvement.

	2012/13 Result
Short-Term Disability Cases	54
Long-Term Disability Cases	9

Average Hours of Training per Year per Employee

Description

BCLC employees recorded an average of 15.3 hours of training this year. Thirty-five per cent of our employees developed career goals, 55 per cent had development plans, and 51 per cent completed competency assessments. Overall, BCLC dedicated $1,387 per employee to training and development.

Our three-year target for training and development is for employees to spend 20–25 hours on training annually, with BCLC dedicating $1,500 per employee to training and development. We also aim for 100 per cent of employees to complete career goals, development plans and competency assessments.

We are working towards our annual target of 20–25 training hours per employee through continuous promotion and education about the importance of career goals, development plans and competency assessments. Through taking part in this career development process, employees are able to identify and act on areas in which they could benefit from more training.

Next year, we plan on supporting employee professional development with the launch of a New Employee Orientation plan that introduces all new employees to a suite of core online courses through BCLC's Learning Management System and extends the option for all employees to take more Learning Management System courses to advance their professional development.

	2012/13 Result	2015/16 Target
Training Hours	15.3	20–25

Employees Who Entered the BCLC Volunteers Storytelling Contest

Description

This year we launched BCLC Volunteers, a program which allows employees to volunteer during work hours, using our Flexible Work Hours Policy. To celebrate some of the great accomplishments of BCLC employees who volunteer, we also introduced a BCLC Volunteers storytelling contest—presenting an opportunity for passionate volunteers to tell their story and be entered into a draw for a charity gift card to the cause of their choice. We received 13 submissions and through a random draw selected three winners, per office—one in each category.

Next year, we plan on developing and implementing a Community Investment Strategy, providing a wider strategic lens on community involvement, such as volunteering. We hope to increase submissions in our BCLC Volunteers storytelling contest, as awareness grows about the Flexible Work Hours Policy and BCLC Volunteers program. Finally, to further extend the ways employees can give back, we plan on providing the option of choosing a charity gift card as part of BCLC's employee recognition program.

	2012/13 Result
Submissions	13

Employees Who Agree BCLC is a Good Corporate Citizen and Understand What CSR Means to BCLC

Description

One of the questions in our employee engagement survey assesses agreement with the statement "BCLC is a good corporate citizen." Last year, 87 per cent of employees were in agreement, moving up two percentage points to 89 per cent in 2012/13. This year, we also added a new question to our employee engagement survey, measuring agreement with the statement "I understand what Corporate Social Responsibility means to BCLC." In 2012/13, 91 per cent of BCLC employees answered affirmatively. Next year, we plan on developing and implementing an internal Corporate Social Responsibility (CSR) communications plan to build understanding of what CSR means to BCLC and how it is integrated into everything we do.

	2012/13 Result	2012/13 Target
Good Corporate Citizen	89%	87%
CSR Understanding	91%	

Risk and Capacity

BCLC has a formal enterprise-wide risk management policy and framework that mandates consistent risk identification and evaluation methodologies, complemented by formally agreed action plans required for all significant risks. Risk is also considered as part of the strategic and business planning processes and all significant corporate projects are required to undertake and report on risk management activities.

This year the Board of Directors assumed direct oversight of BCLC's risk management system. Quarterly reports on risk management activities and the risk profile of the corporation are produced for the Executive Committee and Board.

Sustain and Grow

Risk	Impact	BCLC Actions
With the build-out of casinos nearing completion, gambling products that are reaching maturity in their life cycles, an aging player demographic, a potential decrease in player relevance, and challenging economic times, sustained delivery of net income to Government is at risk. **Opportunity** By transforming our business and becoming more player-centric, BCLC will better meet the expectations of current customers and attract new players to our games.	If profitability decreases, the net income contribution that BCLC makes to the Province may decline.	Significant initiatives over the past year include the introduction of the new GMS; delivery of new games and game enhancements on PlayNow.com; the launch of PlayNow.com in Manitoba and the expansion of the Lotto Express initiative to all Overwaitea stores. We have started business optimization initiatives to focus on increasing customer engagement and entertainment, identifying and prioritizing opportunities for increasing revenue from existing and new sources in the short and medium term. We continue to gather customer insights and identify future areas of focus for product innovation through our Voice of the Customer program, including the use of our online "xchange" panel.

Information Management

Risk	Impact	BCLC Actions
Maintaining security and, in particular, protecting personal information, is an industry-wide concern, as is defending the organization from malicious cyber-attacks. **Opportunity** There are opportunities to improve information life cycle management and systems.	Emerging security threats require responsive and preventative action to prevent systems, process and information, including personal information, from damage or compromise. Security breaches could lead to personal harm, financial cost or loss of reputation.	BCLC continues to develop and maintain information security, in line with best practice and in response to external threats. We have implemented an integrated approach to privacy impact assessments including an information security component with clear instructions and remedies included in contractual documentation. Over the past year we have further formalized the corporate information architecture, improving governance throughout the information life cycle, including a significant records management initiative.

Social Mandate

Risk	Impact	BCLC Actions
If BCLC is not viewed as being a socially responsible, transparent organization that brings value to the people of British Columbia then public acceptance of our mandate may decrease. **Opportunity** Greater engagement with our players and all British Columbians and clearly articulating our socially responsible business practices may increase public support of gambling as an entertainment option.	If public acceptance declines, BCLC may not be able to move forward with new initiatives (e.g. new gambling facilities, increase in slot machines, liquor licences).	BCLC has implemented an openness and accountability strategy, including greater release of information through bclc.com. We have an active stakeholder engagement program and community relations program. BCLC's Corporate Social Responsibility (CSR) activities include initiatives around responsible gambling, such as our GameSense awareness program; the provision of Appropriate Response Training to all front-line staff; the expansion of Responsible Gambling Awareness Month activities to five communities and holding the first New Horizons in Responsible Gambling conference in British Columbia.

Infrastructure and Capacity

Risk	Impact	BCLC Actions
BCLC technology systems and expertise may not be capable of sustaining current operations and transforming the organization to meet future needs. **Opportunity** Implementing new technologies and recruiting and developing staff will lead to the development and sustainment of reliable and robust information technology that supports the growth of our business.	Developing and sustaining expertise, supporting systems and technology may raise the cost of supporting the business.	BCLC continues to update or replace a number of legacy systems, with particular focus over the past year on the new casino gaming management system which has now been installed at four sites and has an aggressive expansion schedule for the next two years. A number of corporate transformational initiatives are underway including workforce redesign projects in business technology and finance and corporate services. Specific initiatives to increase capacity (for example, in customer support) are in progress, alongside work to strengthen business continuity and disaster recovery capabilities. An architectural approach to both business and systems has been adopted which will create agility and increase organizational effectiveness.

Third-Party Dependencies

Risk	Impact	BCLC Actions
BCLC is reliant on retailers and private sector service providers to distribute its products and manage its gambling facilities. We are also dependent on vendors providing gambling and business solutions. **Opportunity** Business partnerships leverage the benefits of private sector competitiveness and distribution and provide BCLC with access to specialist expertise and the ability to provide better amenities and services to our players.	The technology architecture supporting the BCLC business model may become increasingly complex. Interactions between systems may be unpredictable. Costs may increase and profit margins decrease. BCLC could also be exposed to unexpected supply chain or reputational risks due to third-party actions or decisions.	BCLC works closely with our private sector service providers and retailers, providing regularly updated policy, procedure and guidance and routine training programs. We actively monitor and review areas of higher risk, such as financial transactions, retail wins, and casino admissions. A progressive discipline policy is now in place and we are working on updating the contractual arrangements with gambling facilities and developing a system to provide early warning of problems. We continue to develop and maintain extensive audit and security programs, with incident reporting and investigation and close liaison with the Gaming Policy and Enforcement Branch and provincial and local police forces. Over the past year we have undertaken a number of contract management initiatives, including the development of a consistent vendor management approach. We continue to work closely with major vendors in order to optimize business relationships and value for money.

Corporate Business Practices

Risk	Impact	BCLC Actions
BCLC manages a complex business and requires robust business practices to manage all processes with accuracy and integrity, and in compliance with regulatory requirements and social responsibility objectives. **Opportunity** Streamlining and automating business processes will further improve efficiency.	Integrity is at the heart of BCLC operations, any significant issue could lead to additional costs, potential liabilities, increased scrutiny and oversight and immediate and potentially ongoing loss of reputation.	BCLC supports this area through a variety of functions, including an established policy office to support the development and maintenance of corporate and operational policies and procedures; a strong audit services group to review and advise on control frameworks; and the provision of mandatory training modules for key risk areas such as privacy and security. Management also provide ongoing guidance and support to staff to ensure that they understand their roles and responsibilities. Compliance exercises in lottery and facility gambling include mystery shop programs, targeted training modules and recertification programs supported by an active compliance team which inspects and assesses implementation of controls in the field. There are also projects underway aimed at reducing the reliance on cash in gambling facilities. At the corporate level, BCLC has developed plans for decision support and business planning centres of excellence, and is implementing an enterprise architecture approach and portfolio management capabilities. A number of initiatives which aim to enhance internal control processes, further develop change management protocols and reinforce accountability have been undertaken or are planned.

Gaming Management System (GMS)

Risk	Impact	BCLC Actions
BCLC's existing gaming management system (GMS) is technologically obsolete and no longer fully supported by the vendor. Failure of this system would have a significant impact on corporate revenue and net income to the Province. **Opportunity** In addition to providing stability to a critical part of BCLC's gambling infrastructure, the new GMS will provide opportunities to grow revenue through enhanced marketing capabilities.	Gambling facility operations generate a high proportion of BCLC's income, and the GMS supports both operational and financial processes. Issues with operations following rollout to all, or the majority of sites could have a significant player satisfaction and financial impact.	Installation of the new system including supporting infrastructure began in May 2012. To date four sites have been successfully converted (Kamloops, Vernon, Penticton and Chilliwack). There have been some delays to the project as we awaited a new product version from our vendor with a number of essential features, however, we anticipate that the next phase in the rollout will shortly be underway.

Capacity

Positioning BCLC to attract and retain top talent as well as ensuring our organization has the right skills applied at the right time, remains a primary focus of our Human Resources team. This involves working to determine the needs of the organization, modeling, attracting and retaining talent. The continuation of a proactive recruitment strategy is just the beginning of a comprehensive and strategically driven process.

Starting our new employees off right means positioning them for long-term success in the organization. Employee engagement can be impacted by the very first impressions they have of our organization, which is why efforts have been initiated to enhance the onboarding process and our orientation program to ensure new employees become productive faster and are able to make relevant contributions to our work culture more quickly.

The process of optimizing and developing our talent is continuous. All employees are responsible for developing a personal development plan that provides a framework for professional development, along with specific expectations and accountabilities.

Our increased focus on performance management also includes our leadership development programs to ensure our culture of continuous improvement, growth and competitiveness is sustained. These development programs all contribute to our ongoing succession and workforce planning.

At the same time, BCLC continues to conduct targeted workforce optimization reviews to ensure effective use of its existing resources, creating greater organizational efficiency. All of these initiatives work to enhance employee engagement, ensuring our ability to support ongoing growth and innovation through a strong corporate culture.

This holistic approach to BCLC's attraction and retention strategy was a key factor in ensuring that the organization maintained sufficient capacity in 2012/13.

Management's Discussion and Analysis

The Management's Discussion and Analysis reviews the financial condition and results of operation of British Columbia Lottery Corporation for the fiscal year ended March 31, 2013 and should be read in conjunction with the corporation's audited financial statements.

Financial Overview

	2008/09[1]	2009/10[1]	2010/11[2]	2011/12	2012/13[3]	2012/13	2012/13 Variance from	2012/13 Variance from	2013/14	2014/15	2015/16
	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Prior Year	Target	Target	Target
Revenue											
Lottery & eGaming	$ 954.2	$ 937.9	$ 1,062.4	$ 1,061.4	$ 1,093.8	$ 1,076.3	$ 17.5	$ 32.4	$ 1,125.0	$1,158.7	$ 1,191.1
Casino & community gaming	1,596.0	1,579.4	1,616.3	1,640.0	1,638.1	1,684.0	(45.9)	(1.9)	1,678.0	1,710.0	1,749.0
	2,550.2	2,517.3	2,678.7	2,701.4	2,731.9	2,760.3	(28.4)	30.5	2,803.0	2,868.7	2,940.1
Prizes	599.7	577.6	652.3	641.9	649.6	624.4	(25.2)	(7.7)	645.2	656.5	665.0
Net Win	1,950.5	1,939.7	2,026.4	2,059.5	2,082.3	2,135.9	(53.6)	22.8	2,157.8	2,212.2	2,275.1
Expenditures[3]											
Lottery & eGaming	165.4	155.4	170.2	175.6	176.8	190.2	13.4	(1.2)	192.5	196.8	203.7
Casino & community gaming	660.7	667.6	668.9	689.6	681.1	720.7	39.6	8.5	725.3	744.3	764.1
	826.1	823.0	839.1	865.2	857.9	910.9	53.0	7.3	917.8	941.1	967.8
Income before the undernoted	1,124.4	1,116.7	1,187.3	1,194.3	1,224.4	1,225.0	(0.6)	30.1	1,240.0	1,271.1	1,307.3
GST/HST/PST	33.7	37.6	81.6	86.9	96.8	100.0	3.2	(9.9)	68.0	69.1	70.3
Net income											
Lottery & eGaming	256.4	266.7	289.4	278.9	298.2	288.0	10.2	19.3	319.0	335.0	349.0
Casino & community gaming	834.3	812.4	816.3	828.5	829.4	837.0	(7.6)	0.9	853.0	867.0	888.0
	$ 1,090.7	$ 1,079.1	$1,105.7	$ 1,107.4	$ 1,127.6	$ 1,125.0	$ 2.6	$ 20.2	$ 1,172.0	$1,202.0	$ 1,237.0
Profit margin	42.8%	42.9%	41.3%	41.0%	41.3%	40.8%	0.5%	0.3%	41.8%	41.9%	42.1%
Debt	$ 0.0	$ 60.0	$ 85.0	$ 90.1	$ 131.7	$ 128.0	$ (3.7)	$ 41.6	$ 173.1	$ 202.1	$ 225.1
Retained earnings	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Capital expenditures	$ 97.4	$ 92.5	$ 81.3	$ 74.4	$ 96.6	$ 152.6	$ (56.0)	$ 22.2	$ 120.0	$ 110.0	$ 110.0

In 2012/13, BCLC achieved a record $1.128 billion net income on record revenue of $2.732 billion, exceeding the previous net income record set in fiscal 2011/12 by $20.2 million.

This year, BCLC continued to benefit from product enhancements, high lottery jackpots, and the expansion of our PlayNow.com platform.

Each year, BCLC prepares a three-year Service Plan against which its results are measured. As part of this annual process, the corporation again committed to the strategic cost management program that began in 2009/10. Careful spending management this year resulted in total operating costs that were virtually unchanged from the previous year and which were $6.9 million less than planned. Capital spending was $56.0 million less than planned, in part because of delays in a number of gaming and infrastructure projects.

1 2009/10 and prior comparative results reflect Canadian GAAP.

2 2010/11 comparative results have been restated to comply with IFRS.

Total net income for the year (under Canadian GAAP)	$ 1,104.6
Reconciling Items:	
Amortization and depreciation	0.3
Employee costs	0.8
Total net income for the year (under IFRS)	$ 1,105.7

3 Please refer to page 65 for a detailed breakdown of 2012/13 actual expenditures.

Performance Measurement

BCLC's performance measurement framework is updated annually as part of its business planning process. This framework guides decision-making at all levels of the organization and has been used to assess our 2012/13 operational performance against the targets and budgets established in the Service Plan (bclc.com/service-plan). BCLC also compares its performance to other gambling organizations that make their results publicly available. These comparator organizations were selected from across Canada and internationally for the relevance of their operations in comparison to BCLC's.

International Financial Reporting Standards (IFRS)

The *Budget Transparency and Accountability Act* specifies that the Government and government organizations conform to the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, unless otherwise directed by Treasury Board. Accounting standards for senior government are understood to mean standards established by the Public Sector Accounting Board (PSAB), which directs Government Business Enterprises (GBE) to adhere to IFRS. Treasury Board has directed BCLC to adopt IFRS.

Economic Outlook

Current economic indicators suggest that B.C.'s economy will continue to experience modest growth throughout 2013 and 2014.

Over the next three years, growing net income from our core business will continue to be a priority. We are beginning a multi-year journey in defining and implementing the business and technology architecture and roadmap that will lay the foundation for our growth. We are reviewing how we work with our private sector service providers and third-party vendors to deliver gambling, so that we continuously improve BCLC's business operations. We will support innovation and moving quickly to market with the games, amenities, social settings, services and access that players want by working with best-in-class partners. In addition to revenue generating initiatives, we will optimize financial performance through an increased emphasis on business optimization and cost management.

A more detailed discussion of initiatives and opportunities can be found in our three-year Service Plan and on our website bclc.com.

Lottery and eGaming Operations

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	**2012/13 Actual**	2012/13 Budget	Variance From Budget	Variance From Prior Year
Revenue								
Retail Network	$ 710.7	$ 691.7	$ 807.5	$ 789.2	**$ 825.5**	$ 790.6	$ 34.9	$ 36.3
Hospitality Network	220.0	212.6	212.0	206.6	**195.0**	194.4	0.6	(11.6)
eGaming	23.5	33.6	42.9	65.6	**73.3**	91.3	(18.0)	7.7
	954.2	937.9	1,062.4	1,061.4	**1,093.8**	1,076.3	17.5	32.4
Prizes	521.8	505.3	581.5	580.8	**594.2**	568.3	(25.9)	(13.4)
Net Win	432.4	432.6	480.9	480.6	**499.6**	508.0	(8.4)	19.0
Direct Expenses	75.5	71.3	77.2	77.4	**81.2**	84.9	3.7	(3.8)
Gaming Support Costs & Operating Expenses	89.9	84.1	93.0	98.2	**95.6**	105.3	9.7	2.6
Income before the undernoted	267.0	277.2	310.7	305.0	**322.8**	317.8	5.0	17.8
GST/HST	10.6	10.5	21.3	26.1	**24.6**	29.8	5.2	1.5
Net Income	$ 256.4	$ 266.7	$ 289.4	$ 278.9	**$ 298.2**	$ 288.0	$ 10.2	$ 19.3
Lottery Retailers	4,046	4,044	3,994	3,853	**3,805**	3,879	(74.0)	(48.0)
Lottery Terminals	3,995	4,002	3,962	3,866	**3,765**	3,830	(65.0)	(101.0)

Lottery Operations
($ millions)

Lottery net income of $298.2 million exceeded budget by $10.2 million and the previous year by $19.3 million. Overall revenue exceeded budget by $17.5 million, once again surpassing the $1 billion mark and the previous $1.062 billion record set in fiscal 2010/11 by $31.4 million.

Profitability was up most notably in the Lotto category, once again driven by the success of LOTTO MAX, which continues to outpace statistical projections with seventeen $50 million jackpots—one more than the previous record set in 2010/11. Brand rejuvenation and pricing strategies in the Instant category produced a year-over-year improvement of $12.7 million which was $4.1 million more than planned.

In 2012/13, BCLC continued to invest in the PlayNow.com eGaming business, enhancing its suite of casino-style games and making other changes to the product line-up including the introduction of PlayNow Sports—all of which have been well received.

Year ended March 31, 2013
(in millions of dollars)

Casino and Community Gaming Operations

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	**2012/13 Actual**	2012/13 Budget	Variance From Budget	Variance From Prior Year
Revenue								
Slot Machines	$ 1,087.4	$ 1,098.6	$ 1,126.6	$ 1,140.7	**$ 1,140.1**	$ 1,207.3	$ (67.2)	$ (0.6)
Table Games	356.4	343.9	357.1	380.9	**390.2**	364.9	25.3	9.3
Poker	23.5	23.1	22.5	22.1	**21.3**	23.6	(2.3)	(0.8)
Bingo	128.7	113.8	110.1	96.3	**86.5**	88.2	(1.7)	(9.8)
	1,596.0	1,579.4	1,616.3	1,640.0	**1,638.1**	1,684.0	(45.9)	(1.9)
Prizes	77.9	72.3	70.8	61.1	**55.4**	56.1	0.7	5.7
Net Win	1,518.1	1,507.1	1,545.5	1,578.9	**1,582.7**	1,627.9	(45.2)	3.8
Direct Expenses	544.4	535.5	542.7	552.9	**556.0**	565.7	9.7	(3.1)
Gaming Support Costs & Operating Expenses	116.3	132.1	126.2	136.7	**125.1**	155.0	29.9	11.6
Income before the undernoted	857.4	839.5	876.6	889.3	**901.6**	907.2	(5.6)	12.3
GST/HST	23.1	27.1	60.3	60.8	**72.2**	70.2	(2.0)	(11.4)
Net Income	$ 834.3	$ 812.4	$ 816.3	$ 828.5	**$ 829.4**	$ 837.0	$ (7.6)	$ 0.9
Casinos	17	17	17	17	**17**	17	0	0
Casino Slot Machines	8,818	9,438	9,476	9,727	**9,740**	9,804	(64)	13
Casino Tables	485	478	436	459	**472**	482	(10)	13
Commercial Bingo Halls	13	13	11	10	**7**	8	(1)	(3)
Independent Operators	14	7	6	0	**0**	0	0	0
Community Gaming Centres	14	15	16	17	**19**	19	0	2
Community Gaming Slot Machines	1,378	1,581	1,850	2,103	**2,484**	2,359	125	381

Casino and Community Gaming Revenue
($ millions)

The Casino and Community Gaming business generated revenue of $1.638 billion in 2012/13—virtually unchanged from the previous year, but $45.9 million less than planned; however, net win increased $3.8 million, and net income exceeded the prior year by $0.9 million. Revenue from slot machines was sustained through careful product refreshment and the opening of two community gaming centres. Table games posted strong results due to increased availability and the best Chinese New Year period in history. Bingo revenue continued to decline, as locations reduced their game frequency.

Capital Spending

	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	**2012/13 Actual**	2012/13 Budget	Variance From Budget
Lottery	$ 21.0	$ 12.2	$ 4.6	$ 7.6	**$ 6.3**	$ 7.3	$ 1.0
eGaming	2.4	7.2	9.3	6.8	**10.0**	14.0	4.0
Casino & Community Gaming	62.9	56.4	38.5	46.8	**63.5**	104.5	41.0
Corporate	11.1	16.7	28.9	13.2	**16.8**	26.8	10.0
Capital Expenditures	$ 97.4	$ 92.5	$ 81.3	$ 74.4	**$ 96.6**	$ 152.6	$ 56.0

From year to year, capital spending varies significantly in response to revenue and gambling facility initiatives. In 2012/13, capital spending of $96.6 million was $56.0 million under budget but was $22.2 million more than last year as the corporation's gaming management system (GMS) project ramped up. The positive budget variance this year was due in part to delays in completing a number of other gaming and infrastructure programs, and in part to strategic cost management activities.

BCLC is in year two of a multi-year project to replace the GMS which supports the annual generation of $1.6 billion in revenue and over $800 million in net income. A broad group of partners both within and outside BCLC are creating a whole new technology architecture and platform for the casino business, configuring and testing the new software and creating integrations into our existing systems. The new technology will provide a foundation for modernization, sustainable, moderate growth and more flexible, responsive player relations.

Risks associated with the project include:

- Delays in rollout and implementation due to complexity of the new technology, impacting revenue growth expectations
- Additional costs due to unforeseen issues and challenges in system functionality, integration and implementation.

GMS is projected to require $104 million in capital to complete. Costs incurred to March 31, 2013, amount to $43.5 million.

Capital Spending
($ millions)

B.C. Lottotech International Inc.

The consolidated statements of British Columbia Lottery Corporation include B.C Lottotech International Inc. (Lottotech), a wholly-owned subsidiary of the corporation. The primary purpose of Lottotech is to purchase capital assets for BCLC. In 2012/13, Lottotech accounted for $88.4 million of the $96.6 million total capital spending (2012–$67.1 million). These assets are leased back to BCLC and the major expense is the amortization on the capital acquisitions. The management and oversight of Lottotech is consolidated within BCLC operations and the Board reviews and approves capital purchases through the annual business planning and budget process.

	2013	2012
Revenue ($ thousands)		
Lease Revenue	**$ 49,827**	$ 62,949
Expenses		
Amortization	**49,700**	62,792
Other Expenses (Income)	**(223)**	300
	49,477	63,092
Net Income (Loss)	**$ 350**	$ (143)

Management's Responsibility for Financial Reporting

The consolidated financial statements of BCLC have been prepared by management in accordance with International Financial Reporting Standards. The consolidated financial statements present fairly the consolidated financial position of BCLC as at March 31, 2013, and the results of its consolidated financial performance and cash flows for the year then ended.

Management is responsible for the integrity of the consolidated financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of reliable financial information in a timely manner.

KPMG, LLP, Chartered Accountants have performed an independent audit of BCLC and expressed an unqualified opinion on the consolidated financial statements of BCLC.

Jervis Rodrigues
CFO & Vice-President
Finance and Corporate Services

Michael Graydon
President & CEO

Independent Auditors' Report

To the Directors of and Minister Responsible for British Columbia Lottery Corporation

We have audited the accompanying consolidated financial statements of the British Columbia Lottery Corporation which are comprised of the consolidated statement of financial position as at March 31, 2013, the consolidated statements of comprehensive income, changes in deficit, and cash flows for the year then ended, and notes, which are comprised of a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the British Columbia Lottery Corporation as at March 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants
Vancouver, Canada

May 22, 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2013 with comparative information for 2012
(in thousands of Canadian dollars)

	March 31 2013	March 31 2012
Assets		
Current assets		
Cash (note 5)	$ 48,758	$ 52,130
Short-term investments (note 6)	14,754	29,335
Accounts receivable (note 7)	41,933	32,310
Receivable from Interprovincial Lottery Corporation	7,154	—
Prepaid expenses	5,485	4,439
Inventories (note 8)	9,998	9,819
Total current assets	128,082	128,033
Employee future benefits (note 9)	—	1,546
Property and equipment (note 10)	141,192	138,710
Intangible assets (note 11)	82,652	43,878
Total non-current assets	223,844	184,134
Total assets	$ 351,926	$ 312,167
Liabilities		
Current liabilities		
Cheques issued in excess of funds on hand	$ 7,325	$ —
Prizes payable (note 12)	31,201	31,410
Accounts payable, accrued liabilities and other (note 13)	69,240	47,694
Short-term financing (note 14)	131,704	90,122
Payable to Interprovincial Lottery Corporation	—	714
Due to Government of British Columbia	111,296	136,627
Deferred revenue	6,274	3,825
Total current liabilities	357,040	310,392
Employee future benefits (note 9)	57,375	52,873
Total non-current liabilities	57,375	52,873
Total liabilities	414,415	363,265
Deficit		
Accumulated deficit	(17,728)	(17,728)
Accumulated other comprehensive loss	(44,761)	(33,370)
Total deficit	(62,489)	(51,098)
Total liabilities and deficit	$ 351,926	$ 312,167

Commitments and contingencies (notes 19 and 20)

See accompanying notes to consolidated financial statements.

Approved:

John McLernon
Chair, Board of Directors

Michael Riley
Chair, Board Audit Committee

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31, 2013
(in thousands of Canadian dollars)

	2013	2012
Revenue	$ 2,731,901	$ 2,701,457
Prizes	649,558	641,945
Net win	2,082,343	2,059,512
Commissions and fees	605,784	599,550
Systems, maintenance and ticket distribution	29,420	29,105
Gaming equipment, leases and licenses	19,545	18,631
Ticket printing	11,811	12,145
	666,560	659,431
Employee costs	84,348	82,118
Amortization and depreciation	54,709	67,074
Advertising, marketing and promotions	28,279	31,573
Professional fees and services	9,149	8,089
Cost of premises	6,384	6,265
Net finance costs (note 15)	350	458
Other	8,208	10,167
	191,427	205,744
Income before the undernoted	1,224,356	1,194,337
Harmonized sales tax expense	96,751	86,902
Net income	1,127,605	1,107,435
Other comprehensive loss		
Defined benefit plan actuarial losses (note 9)	(11,391)	(17,827)
Total comprehensive income	$ 1,116,214	$ 1,089,608

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN DEFICIT

Year ended March 31, 2013
(in thousands of Canadian dollars)

	Accumulated Deficit	AOCL[1]	Total Deficit
Opening balance, April 1, 2011	$ (17,728)	$ (15,543)	$ (33,271)
Net income	1,107,435	–	1,107,435
Distributions to Government of British Columbia (note 16)	(1,098,271)	–	(1,098,271)
Distributions to Government of Canada (note 17)	(9,164)	–	(9,164)
Defined benefit plan actuarial losses (note 9)	–	(17,827)	(17,827)
Ending balance, March 31, 2012	$ (17,728)	$ (33,370)	$ (51,098)
Net income	**1,127,605**	**–**	**1,127,605**
Distributions to Government of British Columbia (note 16)	**(1,118,394)**	**–**	**(1,118,394)**
Distributions to Government of Canada (note 17)	**(9,211)**	**–**	**(9,211)**
Defined benefit plan actuarial losses (note 9)	**–**	**(11,391)**	**(11,391)**
Ending balance, March 31, 2013	**$ (17,728)**	**$ (44,761)**	**$ (62,489)**

1 Accumulated Other Comprehensive Loss

See accompanying notes to consolidated financial statements.

Year ended March 31, 2013
(in thousands of Canadian dollars)

	2013	2012
Cash provided by (used in):		
Cash flows from operating activities:		
Net income	$ 1,127,605	$ 1,107,435
Items not involving cash:		
Depreciation of property and equipment	40,983	55,141
Amortization of intangible assets	13,726	11,933
Loss on disposal of property and equipment	130	420
Loss on disposal of intangible assets	3	369
Net benefit plan expense	8,870	8,691
Write-down of inventory to net realizable value	1,004	383
Net finance costs	350	458
	1,192,671	1,184,830
Changes in:		
Accounts receivable	(9,691)	(8,104)
Receivable from Interprovincial Lottery Corporation	(7,154)	–
Prepaid expenses	(1,046)	(477)
Inventories	(1,183)	(661)
Employee future benefits	(14,213)	(15,900)
Prizes payable	(209)	4,212
Accounts payable, accrued liabilities and other	8,929	2,282
Payable to Interprovincial Lottery Corporation	(714)	(2,428)
Deferred revenue	2,449	(4,159)
Interest received	564	406
Net cash from operating activities	1,170,403	1,160,001
Cash flows from financing activities:		
Increase in short-term financing	41,582	5,073
Interest paid	(843)	(744)
Distributions to Government of British Columbia	(1,143,725)	(1,077,401)
Distributions to Government of Canada	(9,211)	(9,164)
Net cash used in financing activities	(1,112,197)	(1,082,236)
Cash flows from investing activities:		
Additions to property and equipment	(42,589)	(49,381)
Additions to intangible assets	(41,428)	(25,066)
Proceeds on disposal of property and equipment	533	638
Net cash used in investing activities	(83,484)	(73,809)
Net increase (decrease) in cash and cash equivalents	(25,278)	3,956
Cash and cash equivalents, beginning of year	81,465	77,509
Cash and cash equivalents, end of year	$ 56,187	$ 81,465
Cash and cash equivalents are comprised of:		
Cash	$ 48,758	$ 52,130
Short-term investments	14,754	29,335
Cheques issued in excess of funds on hand	(7,325)	–
Cash and cash equivalents, end of year	$ 56,187	$ 81,465

See accompanying notes to consolidated financial statements.

1. Reporting entity:

The British Columbia Lottery Corporation ("BCLC" or "the Corporation") is a Crown corporation of British Columbia. BCLC was incorporated under the *Company Act* (B.C.) on October 25, 1984, and is continued under the *Gaming Control Act* (B.C.). The address of BCLC's registered office is 74 West Seymour Street in Kamloops, British Columbia, Canada. As an agent of the Crown, the Government of British Columbia (B.C.) has designated BCLC as the authority to conduct, manage and operate lottery schemes on behalf of the Government of British Columbia, including lottery, casino, bingo and internet gaming. BCLC is also the regional marketing organization for national lottery games which are joint undertakings by the provinces acting through the Interprovincial Lottery Corporation.

As BCLC is an agent of the Crown, it is not subject to federal or provincial corporate income taxes.

2. Basis of preparation:

a. Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements were authorized for issue by BCLC's Board of Directors (the Board) on May 22, 2013.

b. Basis of measurement:

The consolidated financial statements of the Corporation have been prepared on a historical cost basis except for employee future benefit plan assets, which are recognized as plan assets plus unrecognized past service cost less the present value of the defined benefit obligation and are limited as explained in note 3(f).

c. Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information has been rounded to the nearest thousand dollars.

d. Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management does not believe it was required to make any critical judgments in applying accounting policies that would have a significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following note:

– Measurement of defined benefit obligations (note 9)

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Corporation's subsidiary.

a. Basis of consolidation:

The consolidated financial statements include B.C. Lottotech International Inc., a wholly-owned Canadian subsidiary of BCLC. The financial statements used for consolidation are at the reporting date. Intercompany transactions and balances are eliminated on consolidation.

b. Foreign currency transactions:

Transactions in foreign currencies are translated to Canadian dollars at the exchange rates in effect on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rates in effect at the reporting date. Foreign currency exchange differences are recorded in income in the period incurred.

c. Cash equivalents:

Cash equivalents include short-term investments in overnight deposits with financial institutions having original maturity dates of three months or less from the acquisition date, that are subject to an insignificant risk of changes in their fair value, and are used by the Corporation in the management of its short-term commitments. Short-term investments are highly liquid and form an integral part of the Corporation's cash management. As such, they are a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

d. Financial instruments:

The Corporation classifies its non-derivative financial instruments into the following categories: fair value through income, loans and receivables, held-to-maturity financial assets, available-for-sale financial assets, and financial liabilities measured at amortized cost. The classification depends on the purpose for which the financial instruments were acquired.

i. Non-derivative financial assets:

The Corporation initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or are settled.

The Corporation has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any provision for doubtful debts and impairment losses (see note 3(i)). Amortized cost is determined with reference to any discounts or premiums on acquisition over the period to maturity.

Loans and receivables are comprised of cash, short-term investments, accounts receivable and the receivable from Interprovincial Lottery Corporation.

3. Significant accounting policies (continued):

d. Financial instruments (continued):

ii. Non-derivative financial liabilities:

All financial liabilities are recognized initially on the trade dates, which are the dates that the Corporation becomes a party to the contractual provision of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations expire, are discharged or cancelled.

The Corporation classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation's non-derivative financial liabilities are comprised of cheques issued in excess of funds on hand, prizes payable, accounts payable, accrued liabilities and other, short-term financing, payable to Interprovincial Lottery Corporation, and due to Government of British Columbia.

iii. Embedded derivatives:

Embedded derivatives are separated from host contracts and accounted for separately if the economic characteristics and risks of the host contracts and the embedded derivatives are not closely related, a separate instrument with the same terms as an embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through income.

e. Inventories:

Inventories of slot machine spare parts, instant tickets and other inventory are measured at the lower of cost, determined on a weighted average basis, and net realizable value.

The net realizable value of instant tickets is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. For all other inventories, net realizable value is cost.

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present locations. Inventories are written down to their net realizable values when the cost of the inventories is estimated not to be recoverable through use or sale.

f. Employee future benefits:

i. Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term incentive plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plans:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Corporation's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of benefit payable in the future that employees have earned in return for their service in the current and prior periods; that benefit is then discounted to determine its present value. Any unrecognized past service cost and the fair value of any plan assets are deducted.

The discount rate assumption is based upon utilizing Canadian AA corporate bond yields that have maturity dates approximating the terms of the Corporation's obligations, with extrapolated data created by term-based yield spreads over long provincial bond yields, and that are denominated in the same currency in which the benefits are expected to be paid.

3. Significant accounting policies (continued):

f. Employee future benefits (continued):

ii. Defined benefit plans (continued):

When the calculation results in a benefit to the Corporation, the recognized asset is limited to the total of any unrecognized past service cost and the present value of the economic benefits available in the form of any future refunds from the plan, if allowed, or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Corporation. An economic benefit is available to the Corporation if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in income on a straight-line basis over the average vesting period. To the extent that the benefits vest immediately, the portion of the increased benefit relating to past service is recognized immediately in income.

The Corporation recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive loss, and reports them in accumulated other comprehensive loss. Also, any variations in the asset limit are recognized in other comprehensive loss.

The actuarial valuations of the defined benefit plans for IAS 19 (Employee Benefits) purposes are performed annually by qualified actuaries using the projected unit credit method and managements best estimate assumptions.

g. Property and equipment:

The Corporation's policy on capital purchases is that any major purchase which has a useful life of more than 12 months beyond the end of the current year will be capitalized.

The Corporation's property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Borrowing costs related to the construction of qualifying assets are capitalized. Capitalized direct labour is comprised of salaries and benefits for employees working directly on the construction of the qualifying asset. The amount capitalized is based on the time spent on the construction of the asset.

When major components of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

The cost of replacing part of an item of property and equipment is recognized within the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property and equipment are recognized in income as incurred.

Land is not depreciated. The cost of other assets is depreciated over their estimated useful lives on a straight-line basis, beginning when they are available for use. Depreciation is based on asset cost less estimated residual value and is taken at the following annual rates:

Asset	Rate
Corporate facilities and equipment	5 to 20 years
Corporate information systems	3 years
Lottery gaming systems and equipment	5 years
eGaming systems and equipment	3 to 5 years
Casino and community gaming systems and equipment	3 to 10 years

3. Significant accounting policies (continued):

g. Property and equipment (continued):

The residual values, depreciation methods and useful economic lives of property and equipment are reviewed annually and adjusted if appropriate. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount. An impairment loss on property and equipment may be reversed upon subsequent increase of the fair value of such assets.

Property and equipment under construction is not depreciated. Depreciation commences upon completion of the construction when the assets are available for use.

Gains and losses realized on the disposition of items of property and equipment are determined by comparing net proceeds with carrying amounts. These gains and losses on disposal are included on a net basis within other expenses in the consolidated statement of comprehensive income.

h. Intangible assets:

Costs incurred in developing or acquiring computer software products or systems that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalized as intangible assets. Costs capitalized are directly attributable to the development or acquisition of intangible assets. Costs include direct costs of materials and services, payroll and payroll-related costs of employees' time spent on projects. Borrowing costs related to the development of qualifying assets are capitalized.

The cost of internally developed intangible assets is comprised of developmental costs that are directly attributable to creation, production and preparation of the asset to be capable of operating in the manner intended by management. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset.

Other development costs are recognized in income as incurred.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives of the assets (three to ten years). The residual values, amortization methods, and useful economic lives of intangible assets are reviewed annually and adjusted if appropriate. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount. An impairment loss for an intangible asset may be reversed upon subsequent increase of the fair value of such assets.

i. Impairment:

i. Financial assets:

A financial asset not classified as at fair value through income is assessed at each reporting date to determine whether there is objective evidence of impairment. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

ii. Non-financial assets:

The carrying amounts of non-financial assets, other than inventories and employee future benefit plan assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

3. Significant accounting policies (continued):

j. Borrowing costs:

Borrowing costs directly attributable or allocated to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial amount of time to get ready for their intended use or sale, are added to the cost of those assets. The Corporation uses the weighted average of the general borrowing costs of the Corporation, exclusive of specific borrowing costs, and the effective interest rate method to determine the capitalization rate for allocation of borrowing costs. The Corporation ceases to capitalize borrowing costs when the asset is substantially ready for use.

All other borrowing costs are recognized in income in the period in which they are incurred.

k. Provisions:

Provisions are liabilities of uncertain timing and amount. A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect current estimates.

l. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized for major business activities as follows:

i. Lottery:

The recognition of revenue and the corresponding direct expenses for lottery tickets sold through retail terminals is at the date of the draw. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as deferred revenue.

The recognition of revenue, net of buybacks, and the corresponding direct expenses for all instant ticket games is at the time of the transfer of legal ownership to the retailer.

ii. eGaming:

The recognition of revenue for lottery tickets sold online through PlayNow.com is at the date of the draw. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as deferred revenue.

Revenue from eCasino and ePoker is recorded in income, net of prizes paid, in the same period the game is played. Related operating costs are recorded in income in the period they are incurred.

Revenue from eGames, and the associated selling costs and prize expenses, is recorded in income in the same period the games are played.

iii. Casino and Community Gaming:

Revenue from casino and community gaming slot machines and table games is recorded in income, net of prizes paid, in the same period the game is played. Related operating costs are recorded in income in the period they are incurred. Revenue from the operation of bingo games, and the associated selling costs and prize expenses, are included in income in the same period the games are played.

3. Significant accounting policies (continued):

l. Revenue recognition (continued):

iv. Customer loyalty programs:

The Corporation has several customer loyalty programs through which customers receive free or discounted goods or services, or free play. If a customer has the right to receive cash under a customer loyalty program, a financial liability is recognized under IAS 39 Financial Instruments: Recognition and Measurement. These customer loyalty programs are measured initially at fair value and are only derecognized when the derecognition criteria in IAS 39 are met. If the patron does not have the right to receive cash, if the promotion is part of a current gaming transaction, or if the patron can redeem the promotional item for free or discounted goods or services, or free play, the revenue, as determined by the fair value of the undelivered goods and services related to the customer loyalty program taking into account the expected redemption rate when applicable, is deferred until the promotional consideration is provided under IFRIC 13, Customer Loyalty Programs, or until the award expires.

v. Net win:

Net win represents revenue net of prizes paid.

m. Prizes:

Lottery, bingo and eGames prize expenses are recorded based on the actual prize liability experienced for each game, with the exception of instant ticket games which are recorded at theoretical prize liabilities for each game.

For instant ticket games, the actual expense incurred each year will vary from theoretical estimates based on the actual life cycle of the game. Over the life of a game, the actual prize expense will closely approximate the theoretical expense.

Unclaimed lottery prizes are recorded as prizes payable until the prizes are claimed, discontinued or expire. Expired prizes are then recorded as reductions in prize expense and prize liability in the year of expiry.

Unclaimed prizes of national lottery games are administered by the Interprovincial Lottery Corporation.

Progressive jackpots:

The Corporation has several progressive jackpot games, each of which may be comprised of a seed as well as an incremental portion which increases by allotting a portion of each player's wager to the pot. BCLC recognizes such amounts as a prize payable at the time the Corporation has the obligation to pay the jackpot.

n. Commissions:

Commissions paid to lottery retailers are based on revenue earned by BCLC. BCLC records these commission expenses as revenue is recognized.

Commissions paid to gaming facility service providers are based on net win earned. BCLC records these commission expenses as net win is earned.

BCLC employs a commission structure that enables gaming facility service providers to earn additional commission for facility development, up to contractually determined limits, based on net win earned.

The facility development commissions are recorded as commission expenses by BCLC as net win is earned.

3. Significant accounting policies (continued):

o. Leases:

Leases in which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases other than finance leases are classified as operating leases and are not recognized in the consolidated statement of financial position. Payments made under operating leases are recognized in income on a straight-line basis over the term of the lease.

p. Finance income and finance costs:

Finance income is comprised of interest income on funds invested. Interest income is recognized as it accrues in income, using the effective interest method.

Finance costs are comprised of interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

q. New standards and interpretations issued but not yet adopted:

IAS 1–Presentation of Financial Statements:

In June 2011, the International Accounting Standards Board (IASB) issued an amendment to IAS 1, Presentation of Financial Statements, which requires entities to separately present items in other comprehensive earnings based on whether they may be recycled to earnings or loss in future periods. The amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 will impact the presentation of the components of other comprehensive loss in the Corporation's consolidated statement of comprehensive income. The Corporation plans to adopt this new standard for its fiscal year ending March 31, 2014.

IAS 19–Employee Benefits:

In June 2011, the IASB published an amended version of IAS 19, Employee Benefits, to modify accounting for changes in the net defined benefit liability and termination benefits, enhance the disclosure requirements around defined benefit plans, and provide further clarification on certain matters. The amendment is effective for annual periods beginning on or after January 1, 2013. At the date of these consolidated financial statements, the impact of this standard is unknown. The Corporation plans to adopt this new standard for its fiscal year ending March 31, 2014.

IFRS 10–Consolidated Financial Statements:

In May 2011, the IASB issued IFRS 10 which establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 introduces a single consolidation model for all entities based on control, irrespective of the nature of the entity. IFRS 10 supersedes all of the guidance in IAS 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee 12, Consolidation—Special Purpose Entities. The Corporation plans to adopt this new standard for its fiscal year ending March 31, 2014.

3. Significant accounting policies (continued):

q. New standards and interpretations issued but not yet adopted (continued):

IFRS 12–Disclosure of Interests in Other Entities:

In May 2011, the IASB issued IFRS 12 which provides the disclosure requirements for entities reporting under IFRS 10 and IFRS 11 and replaces the disclosure requirements currently in IAS 28, Investments in Associates. IFRS 12 requires the disclosure of the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Corporation plans to adopt this new standard for its fiscal year ending March 31, 2014.

IFRS 9–Financial Instruments:

In November 2009, the IASB issued IFRS 9 (2009), Financial Instruments, which represents the first phase of its replacement of IAS 39, Financial Instruments: Recognition and Measurement, introduces new requirements for the classification and measurement of financial assets, and removes the need to separately account for certain embedded derivatives. IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2009 and 2010) is effective for annual periods beginning on or after January 1, 2015. At the date of these consolidated financial statements, the impact of this standard is unknown. The Corporation plans to adopt this new standard for its fiscal year ending March 31, 2016.

4. Financial risk management:

The Corporation has exposure to the following financial risks from its use of financial instruments: credit risk, liquidity risk, and market risk.

This note presents information on how the Corporation manages those financial risks.

General:

BCLC's Board is responsible for the oversight of management including its policies related to financial and risk management issues and oversight of the overall risk profile. The Board uses BCLC's Audit Committee to assist in the review of financial risks, and the Executive Committee for monitoring the principal risks facing the Corporation. Strategic and business risks are also considered as part of the strategic and business planning processes.

The Audit Committee also oversees and reports back to the Board on the review of the Corporation's information systems, risk management function and internal controls in order to obtain reasonable assurance that such systems are operating effectively to produce accurate, appropriate, and timely management and financial information.

The Corporation has adopted a formal risk management strategy and process (in accordance with international risk management standards) to identify significant risks, to assess control systems, and to adopt risk treatment plans when appropriate. Quarterly reports on risk management activities and the risk profile of the Corporation are produced for the Executive Committee and the Board.

The Corporation also has a division focused on corporate security and compliance. Further, the Corporation has internal audit services and a dedicated risk manager to ensure that a high priority is placed on all operational aspects of risk management, control, and compliance.

4. Financial risk management (continued):

Credit risk:

Credit risk is the risk that the Corporation will suffer a financial loss due to a third party failing to meet its financial or contractual obligations to the Corporation. Credit risk arises principally from the Corporation's trade receivables, net win less commissions outstanding, investments and cash floats.

Trade receivables, net win less commissions outstanding and cash floats

The major third parties transacting with the Corporation, which include lottery retailers and gaming facility service providers, require registration with Gaming Policy and Enforcement Branch (GPEB) before doing business with BCLC.

The Corporation is not materially exposed to any one individual lottery retailer. The objectives of the Corporation's lottery retailer credit policies are to provide retailers with adequate time to sell lottery products before payment is requested, while not exposing the Corporation to unacceptable risks. Credit assessments may be completed for new retailers (with the exception of registered charities), retailers who have experienced insufficient fund occurrences or where there is a concern that a retailer might be experiencing financial difficulties.

Security is obtained from lottery retailers who are considered high financial risks or from lottery retailers where minimal credit information is available. Security may include Irrevocable Standby Letters of Credit, security deposits, or personal guarantees.

The Corporation may secure trade receivables from lottery retailers and net win less commissions that would be outstanding from gaming facility service providers through security deposits or Irrevocable Standby Letters of Credit. This security also covers gaming cash floats owned by the Corporation and provided by the Corporation to certain gaming facility service providers. While the Corporation is materially exposed to two different gaming facility service providers, their letters of credit and daily cash sweeps made by the Corporation mitigate the risk of material default for financial assets owned by the Corporation.

The Corporation's PlayNow.com sales are paid in advance through credit card, debit card, or online bill payment transactions.

As at March 31, 2013, the net win less commissions owing to the Corporation from the two largest gaming facility service providers accounts for $10,996 (2012: $7,730) of the accounts receivable carrying amount.

The maximum exposure to credit risk for trade receivables and net win less commissions outstanding at the reporting date by type of debtor is represented by the carrying amounts, as detailed in note 7, less any Irrevocable Standby Letters of Credit or security deposits. These amounts are listed as follows:

	March 31 2013	March 31 2012
Lottery retailers	$ 18,780	$ 13,980
Gaming facility service providers	2,658	–
Other	2,264	1,703
	$ 23,702	$ 15,683

Normal credit terms of trade receivables or net win less commissions outstanding are due within 30 days. As at March 31, 2013 and March 31, 2012, there were no trade receivables or net win less commissions outstanding more than 60 days overdue.

4. Financial risk management (continued):

Credit risk (continued):

Investments

The Corporation limits its exposure to credit risk by investing only in short-term debt securities with high credit ratings (as noted below) and minimal market risk. Given these high credit ratings, management does not expect any counterparty to fail to meets its obligations.

The Corporation has a formal policy and guidelines in place for short-term investments that provide direction for the management of the Corporation's funds with respect to the allocation of responsibilities, investment objectives, asset allocation, allowable fund holdings and investment constraints, and performance standards.

A policy has been established that outlines various asset mix range percentages for low risk investments restricted to short-term pooled money market funds or bond investments.

Concentrations

The Corporation has significant business arrangements with two gaming facility service providers which account for the majority of its casino business. The Corporation also has arrangements with other gaming facility service providers and approximately 3,800 lottery retailers. Credit risk related to service providers or lottery retailers is mitigated through Irrevocable Standby Letters of Credit or security deposits, as well as the distribution of risk across a large number of lottery retailers.

The Corporation has a number of business relationships with suppliers of goods and services. Among these are arrangements for ticket printing, as well as critical gaming hardware and software. In addition, the Corporation maintains a significant number of other relationships with suppliers of goods and services which are within the normal parameters of the Corporation's business and the gambling industry.

Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due.

To manage cash flow requirements, the Corporation has a short-term financing agreement with the Government of British Columbia under its Fiscal Agency Loan (FAL) program. Under this agreement, the Corporation may borrow up to $250 million. In making a loan to the Corporation, the Government of British Columbia uses reasonable efforts to comply with the borrowing requirements of the Corporation by supplying funds at market rates; however, the interest rate on any loan will be determined at the sole discretion of the Government of British Columbia. Loans are unsecured and there are no pre-established repayment terms. The terms are set by the Government of British Columbia each time a loan is requested under this agreement. To date the durations of the loans have not exceeded 90 days.

The Corporation also has a $10 million unused demand operating credit facility with a Canadian commercial bank that is unsecured. Interest is payable at the bank's commercial prime lending rate (2012: prime rate).

The Corporation's Finance division manages liquidity risk by forecasting and assessing actual cash flow requirements on an on-going basis, as well as by planning for short-term liquidity with investment maturities chosen to ensure that sufficient funds are available to meet the Corporation's financial obligations.

Invested funds represent temporary cash surplus balances resulting from unclaimed prize money and money from normal operations held in advance of its transfer to the Government of British Columbia. As a result of fluctuating cash flow requirements and to minimize financial risk, the Corporation maintains a high degree of liquidity.

The contractual maturities of all financial liabilities as at March 31, 2013 and March 31, 2012 are within three months or less.

4. Financial risk management (continued):

Market risk:

Market risk is the risk that changes in market prices will affect the fair value of or future cash flows from a financial instrument. Market risk includes currency risk, interest rate risk and other market price risk. BCLC is exposed to currency risk and interest rate risk which are described below.

Currency risk

The Corporation is exposed to currency risk (or foreign exchange risk) by settling certain obligations in foreign currencies (primarily U.S. dollars (USD)) and by holding bank accounts in USD.

The Corporation limits its exposure by holding minimal USD investments and only maintaining required funds in USD bank accounts. Gains and losses due to foreign exchange rate fluctuations are also minimized by settling USD obligations as quickly as possible.

The Corporation's exposure to currency risk, based on notional amounts, is as follows:

	March 31, 2013		March 31, 2012	
	CAD	**USD[1]**	CAD	USD[1]
Short-term investments	**$ 14,754**	**$ –**	$ 29,216	$ 119
Cash held	**45,326**	**641**	55,490	694
Accounts payable, accrued liabilities and other	**(69,200)**	**(40)**	(47,629)	(65)
Net exposure	**$ (9,120)**	**$ 601**	$ 37,077	$ 748

1 Note: All USD balances are shown in Canadian dollar (CAD) equivalents.

The Corporation does not have material currency risk since substantially all of its transactions are settled in Canadian dollars.

Interest rate risk

The Corporation is exposed to interest rate risk through its short-term financing agreement with the Government of British Columbia. The terms are set by the Government of British Columbia each time a loan is requested under the FAL agreement. The terms are determined based on market conditions available at that time.

The Corporation mitigates this risk by borrowing the minimum amount necessary from the Government of British Columbia.

The Corporation's interest-bearing assets are typically invested for short periods due to liquidity considerations. As a result, exposure to interest rate risk is minimized for these assets.

The Corporation's interest-bearing financial instruments at the reporting date are as follows:

	March 31 2013	March 31 2012
Short-term investments (fixed rate instruments)	**$ 14,754**	$ 29,335
Short-term financing (fixed rate instruments)	**(131,704)**	(90,122)
	$ (116,950)	$ (60,787)

4. Financial risk management (continued):

Market risk (continued):

Sensitivity analysis

The Corporation has classified its fixed-rate short-term investments as loans and receivables and its short-term financing as non-derivative financial liabilities. A one per cent change in interest rates at the reporting date would have increased (decreased) net income by the amounts shown below. This analysis assumes that all other variables, including foreign currency rates, remain constant.

	Net Income		Net Income	
	March 31, 2013		March 31, 2012	
	1% increase	**1% decrease**	1% increase	1% decrease
Short-term investments	**$ 148**	**$ (148)**	$ 293	$ (293)
Short-term financing	**$ (1,317)**	**$1,317**	$ (901)	$ 901

Fair values

The carrying amounts of financial assets and financial liabilities not classified as fair value through income approximate their fair values at the reporting date. This is due to the relatively short periods to maturity of these items or because they are due on demand.

5. Cash:

	March 31 2013	March 31 2012
Gaming cash floats	**$ 41,826**	$ 41,347
Funds held for security deposits	**3,511**	3,434
Funds held for player accounts	**3,421**	2,667
Unrestricted operating cash	**–**	4,682
	$ 48,758	$ 52,130

Gaming cash floats are owned by the Corporation and provided by the Corporation to its gaming facility service providers for gaming bankrolls (as specified under the operating service agreements). These floats are located at the gambling locations and are not available for other purposes.

Funds held for security deposits include security deposit amounts provided by lottery retailers and gaming facility service providers to the Corporation. These funds are deposited into a separate bank account. All security deposit amounts are internally restricted by the Corporation exclusively for funding the security deposit liability. A corresponding security deposit liability in the amount of $3,511 (2012: $3,434) is included in accounts payable, accrued liabilities and other.

Funds held for player accounts represent funds provided to the Corporation through player accounts on PlayNow.com. These amounts are deposited into a separate bank account and are internally restricted by the Corporation exclusively for funding the player accounts liability. A corresponding player account liability in the amount of $3,421 (2012: $2,667) is included in accounts payable, accrued liabilities and other.

Select casino service providers are responsible for holding and accounting for player funds held in Patron Gaming Accounts (the accounts). These gaming accounts are accounted for in a trust-like fashion by the casino service providers in accordance with the casino and community gaming centre standards, policies and procedures under the supervision of the Corporation, as well as in accordance with the regulations of GPEB. No amounts are recorded in the Corporation's financial statements for the accounts. The casino service providers are legally liable for these accounts that hold player funds.

6. Short-term investments:

	March 31 2013	March 31 2012
B.C. Investment Management Corporation:		
Canadian Money Market Fund (overnight deposit)	$ 14,754	$ 29,216
US Dollar Money Market Fund (overnight deposit)	–	119
	$ 14,754	$ 29,335

7. Accounts receivable:

	March 31 2013	March 31 2012
Trade receivables and net win less commissions outstanding:		
Lottery retailers	$ 22,597	$ 17,774
Gaming facility service providers	17,072	12,833
	39,669	30,607
Other	2,264	1,703
	$ 41,933	$ 32,310

8. Inventories:

The major components of inventories are as follows:

	March 31 2013	March 31 2012
Slot machine spare parts	$ 5,942	$ 5,700
Instant tickets	2,730	2,404
Other	1,326	1,715
	$ 9,998	$ 9,819

For the year ended March 31, 2013, inventories recognized as an expense amounted to $15,488 (2012: $15,024).

For the year ended March 31, 2013, the write-down of inventories to net realizable value amounted to $1,004 (2012: $383).

9. Employee future benefits:

The Corporation sponsors two defined benefit pension plans: a registered plan which covers substantially all of its employees and a supplementary plan which covers employees designated by the Corporation. The pension benefits are based on length of service and the average of the 60 consecutive months of highest pensionable earnings, and are partially indexed for inflation after retirement. The registered plan is funded by employee and employer contributions. The supplementary plan is unfunded.

The Corporation also sponsors a non-pension post-retirement defined benefit plan covering substantially all of its employees for post-retirement medical, dental and life insurance benefits. The non-pension post-retirement plan is unfunded.

Information about the Corporation's defined benefit plans is as follows:

	Pension Plans		Post Retirement Benefit Plan	
	March 31 2013	March 31 2012	**March 31 2013**	March 31 2012
Present value of unfunded accrued benefit obligation	**$ (7,880)**	$ (6,855)	**$ (49,184)**	$ (49,611)
Present value of funded accrued benefit obligation	**(163,435)**	(134,863)	**–**	–
Total present value of obligations[2]	**(171,315)**	(141,718)	**(49,184)**	(49,611)
Fair value of plan assets	**165,731**	142,972	**–**	–
Unamortized past service cost (benefit)	**248**	292	**(2,855)**	(3,262)
Accrued employee future benefit plan asset (liability)[1]	**$ (5,336)**	$ 1,546	**$ (52,039)**	$ (52,873)

1 Total employee future benefit liability as at March 31, 2013 is $57,375.

2 Estimated accrued benefit obligation increase (decrease) on the post-retirement benefit plan – effect with:

	March 31 2013	March 31 2012
1% increase in assumed health care cost trend rate	**$ 9,770**	$ 10,648
1% decrease in assumed health care cost trend rate	**$ (7,575)**	$ (8,249)

If all other variables remain constant, a one per cent increase in the discount rate at the reporting date would decrease the value of the accrued benefit obligation by an estimated $34,000 and a one per cent decrease in the discount rate at the reporting date would increase the value of the accrued benefit obligation by an estimated $44,000.

9. Employee future benefits (continued):

Change in the present value of the **defined benefit obligations**	Pension Plans **2013**	Pension Plans 2012	Post Retirement Benefit Plan **2013**	Post Retirement Benefit Plan 2012
Balance at April 1	**$ 141,718**	$ 121,432	**$ 49,611**	$ 38,681
Current service cost	**6,160**	6,363	**2,410**	1,899
Interest cost	**7,337**	7,351	**2,632**	2,403
Plan amendments	**–**	257	**–**	–
Employee contributions	**2,490**	2,569	**–**	–
Benefits paid	**(6,334)**	(4,555)	**(679)**	(666)
Actuarial loss (gain)	**19,944**	8,434	**(4,790)**	7,294
Curtailment gain	**–**	(133)	**–**	–
Balance at March 31	**$ 171,315**	$ 141,718	**$ 49,184**	$ 49,611

Change in the fair value of **plan assets**	Pension Plans **2013**	Pension Plans 2012	Post Retirement Benefit Plan **2013**	Post Retirement Benefit Plan 2012
Fair value at April 1	**$ 142,972**	$ 122,998	**$ –**	$ –
Expected return on plan assets[1]	**9,306**	8,825	**–**	–
Actuarial (loss) gain	**3,763**	(2,099)	**–**	–
Employer contributions[2]	**13,534**	15,234	**679**	666
Employee contributions	**2,490**	2,569	**–**	–
Benefits paid	**(6,334)**	(4,555)	**(679)**	(666)
Balance at March 31	**$ 165,731**	$ 142,972	**$ –**	$ –

1 Actual return on plan assets was $13,069 (2012: $6,726).

2 The total employer contributions for all plans for the year ended March 31, 2013 are $14,213 (2012: $15,900).

Plan assets by asset category for the registered plan only:

	March 31 2013	March 31 2012
Equity securities	**63%**	63%
Debt securities	**37%**	37%
	100%	100%

9. Employee future benefits (continued):

The Corporation's total expense recognized in income is as follows:

	Pension Plans		Post Retirement Benefit Plan	
	2013	2012	**2013**	2012
Current service cost	**$ 6,160**	$ 6,363	**$ 2,410**	$ 1,899
Interest cost	**7,337**	7,351	**2,632**	2,403
Expected return on plan assets	**(9,306)**	(8,825)	**–**	–
Past service cost (credit) recognized in the year	**44**	40	**(407)**	(407)
Curtailment gain recognized	**–**	(133)	**–**	–
Total expense recognized in income[1]	**$ 4,235**	$ 4,796	**$ 4,635**	$ 3,895

The total expense is recognized in employee costs in the consolidated statement of comprehensive income.

1 Estimated effect on the aggregate of current service cost and interest cost on the post-retirement benefit plan—income decrease (increase) effect with:

	2013	2012
1% increase in assumed health care cost trend rate	$ 1,391	$ 1,079
1% decrease in assumed health care cost trend rate	$ (1,033)	$ (807)

The actuarial losses (gains) recognized in other comprehensive loss are as follows:

	Pension Plans		Post Retirement Benefit Plan	
	2013	2012	**2013**	2012
Cumulative amount at April 1	**$ 23,621**	$ 13,088	**$ 9,749**	$ 2,455
Actuarial loss (gain)	**16,181**	10,533	**(4,790)**	7,294
Cumulative amount at March 31	**$ 39,802**	$ 23,621	**$ 4,959**	$ 9,749

The total actuarial losses recognized for all plans in other comprehensive loss for the year ended March 31, 2013 are $11,391 (2012: $17,827).

9. Employee future benefits (continued):

An actuarial valuation is required, at a minimum, every three years to assess the financial position of the registered pension plan. The most recent actuarial valuation of the registered plan for funding purposes was made as of December 31, 2010 by Mercer (Canada) Limited, a firm of consulting actuaries. The next required actuarial valuation will be made as of December 31, 2013, with results expected to be available in 2014. Although there is no statutory requirement, an actuarial valuation is completed every three years on the non-pension post-retirement benefit plan. An actuarial valuation for the non-pension post-retirement benefit plan was performed as of January 31, 2013. The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations for accounting purposes are as follows:

	Pension Plans		Post Retirement Benefit Plan	
	March 31 2013	March 31 2012	**March 31 2013**	March 31 2012
Discount rate at March 31	**4.40%**	5.10%	**4.40%**	5.10%
Expected return on plan assets at April 1	**6.25%**	7.00%	–	–
Rate of compensation increase for the fiscal year	**2.67%**	3.78%	–	–
Future compensation increases	**2.25%**	2.50%	–	–
Inflation	**2.25%**	2.25%	–	–
Initial weighted-average health care trend rate	–	–	**6.15%**	6.55%
Ultimate weighted-average health care trend rate	–	–	**4.50%**	4.50%
Year ultimate reached	–	–	**2029**	2029

The overall expected long-term rate of return on assets is 6.25 per cent (2012: 7.00 per cent). The expected long-term rate of return is based on the portfolio as a whole and not the sum of the returns on individual asset categories. The expected return is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

Historical information:

	Pension Plans			Post Retirement Benefit Plan		
	March 31 2013	March 31 2012	March 31 2011	**March 31 2013**	March 31 2012	March 31 2011
Present value of accrued benefit obligation	**$ (171,315)**	$ (141,718)	$ (121,432)	**$ (49,184)**	$ (49,611)	$ (38,681)
Fair value of plan assets	**165,731**	142,972	122,998	–	–	–
Surplus (deficit)	**$ (5,584)**	$ 1,254	$ 1,566	**$ (49,184)**	$ (49,611)	$ (38,681)

	Pension Plans			Post Retirement Benefit Plan		
	March 31 2013	March 31 2012	March 31 2011	**March 31 2013**	March 31 2012	March 31 2011
Experience adjustments arising on plan liabilities[1]	**$ (439)**	$ 2,329	$ 3	**$ (1,940)**	$ 63	$ 25
Experience adjustments arising on plan assets[2]	**$ 3,763**	$ (2,099)	$ 4,194	**n/a**	n/a	n/a

1 (Increases) decreases in plan liabilities
2 Increases (decreases) in plan assets

The contributions expected to be paid during the year ended March 31, 2014 amount to $12,603 for the funded registered plan, $246 for the unfunded supplementary plan and $929 for the unfunded non-pension plan.

10. Property and equipment:

	Land	Corporate facilities, systems and equipment	Lottery gaming systems and equipment	eGaming systems and equipment	Casino and community gaming systems and equipment	Assets under construction	Total
Cost							
Balance at April 1, 2011	$ 700	$ 74,539	$ 107,921	$ 6,199	$ 297,989	$ 1,551	$ 488,899
Additions	–	7,983	2,552	–	37,061	1,785	49,381
Transferred to systems and equipment	–	1,204	–	–	–	(1,204)	–
Disposals and retirements	–	(6,509)	(2,254)	(134)	(18,213)	–	(27,110)
Balance at March 31, 2012	$ 700	$ 77,217	$ 108,219	$ 6,065	$ 316,837	$ 2,132	$ 511,170
Additions	–	6,177	3,063	529	29,933	4,426	44,128
Transferred to systems and equipment	–	–	841	–	75	(916)	–
Disposals and retirements	–	(2,929)	(7,790)	(46)	(11,616)	–	(22,381)
Balance at March 31, 2013	$ 700	$ 80,465	$ 104,333	$ 6,548	$ 335,229	$ 5,642	$ 532,917

10. Property and equipment (continued):

	Land	Corporate facilities, systems and equipment	Lottery gaming systems and equipment	eGaming systems and equipment	Casino and community gaming systems and equipment	Assets under construction	Total
Depreciation							
Balance at April 1, 2011	$ –	$ 47,468	$ 86,556	$ 3,166	$ 206,181	$ –	$ 343,371
Depreciation for the year	–	9,191	8,695	779	36,476	–	55,141
Disposals and retirements	–	(6,377)	(2,195)	(106)	(17,374)	–	(26,052)
Balance at March 31, 2012	$ –	$ 50,282	$ 93,056	$ 3,839	$ 225,283	$ –	$ 372,460
Depreciation for the year	**–**	**9,394**	**7,495**	**769**	**23,325**	**–**	**40,983**
Disposals and retirements	**–**	**(2,826)**	**(7,517)**	**(40)**	**(11,335)**	**–**	**(21,718)**
Balance at March 31, 2013	**$ –**	**$ 56,850**	**$ 93,034**	**$ 4,568**	**$ 237,273**	**$ –**	**$ 391,725**
Carrying amounts							
At March 31, 2012	$ 700	$ 26,935	$ 15,163	$ 2,226	$ 91,554	$ 2,132	$ 138,710
At March 31, 2013	**$ 700**	**$ 23,615**	**$ 11,299**	**$ 1,980**	**$ 97,956**	**$ 5,642**	**$ 141,192**

For the year ended March 31, 2013, net losses on disposal of property and equipment amounted to $130 (2012: $420) and were included in other expenses in the consolidated statement of comprehensive income.

Change in estimate:

The Corporation reviews the estimated lives of its long-lived assets and related depreciation periods on an annual basis. During the year ended March 31, 2013, this review indicated the estimated depreciation periods of the Corporation's casino and community gaming systems and equipment were deemed to be longer than the previously assigned depreciation periods. As a result, effective April 1, 2012, the Corporation changed its estimate of the expected useful lives of these assets. The effect of this change in estimate is a decrease of $14,053 in depreciation expense for the year ended March 31, 2013.

11. Intangible assets:

The intangible assets balance represents software purchased and internally-generated software assets.

	Software	Assets under development	Total
Cost			
Balance at April 1, 2011	$ 65,092	$ 2,063	$ 67,155
Acquisitions–separately acquired	6,888	15,337	22,225
Acquisitions–internally generated	–	2,791	2,791
Borrowing costs capitalized	–	50	50
Transferred to intangibles	226	(226)	–
Disposals and retirements	(1,564)	–	(1,564)
Balance at March 31, 2012	$ 70,642	$ 20,015	$ 90,657
Acquisitions–separately acquired	**10,707**	**33,685**	**44,392**
Acquisitions–internally generated	**3,081**	**4,806**	**7,887**
Borrowing costs capitalized	**18**	**206**	**224**
Transferred to intangibles	**8,971**	**(8,971)**	**–**
Disposals and retirements	**(4,397)**	**–**	**(4,397)**
Balance at March 31, 2013	**$ 89,022**	**$ 49,741**	**$ 138,763**

11. Intangible assets (continued):

	Software	Assets under development	Total
Amortization			
Balance at April 1, 2011	$ 36,041	$ –	$ 36,041
Amortization for the year	11,933	–	11,933
Disposals and retirements	(1,195)	–	(1,195)
Balance at March 31, 2012	$ 46,779	$ –	$ 46,779
Amortization for the year	**13,726**	**–**	**13,726**
Disposals and retirements	**(4,394)**	**–**	**(4,394)**
Balance at March 31, 2013	**$ 56,111**	**$ –**	**$ 56,111**
Carrying amounts			
At March 31, 2012	$ 23,863	$ 20,015	$ 43,878
At March 31, 2013	**$ 32,911**	**$ 49,741**	**$ 82,652**

For the year ended March 31, 2013, net losses on disposal of intangible assets amounted to $3 (2012: $369) and were included in other expenses in the consolidated statement of comprehensive income.

Borrowing costs:

During the year ended March 31, 2013, 21.50 per cent (2012: 5.77 per cent) of borrowing costs were eligible for capitalization and borrowing costs of $224 (2012: $50) were capitalized.

12. Prizes payable:

	March 31 2013	March 31 2012
Lottery	$ 24,941	$ 24,393
Casino and community gaming	6,260	7,017
	$ 31,201	$ 31,410

13. Accounts payable, accrued liabilities and other:

	March 31 2013	March 31 2012
Trade payables	$ 8,866	$ 9,759
Accrued expenses	49,443	23,195
Harmonized sales tax payable	3,641	8,259
Other	7,290	6,481
	$ 69,240	$ 47,694

14. Short-term financing:

	March 31 2013	March 31 2012
Government of British Columbia, loans, payable in single instalments including interest ranging from $17 to $35 at rates ranging from 0.88% to 0.94%, unsecured, due between April 3, 2013 and May 7, 2013	$ 131,704	$ –
Government of British Columbia, loans, payable in single instalments including interest ranging from $35 to $52 at rates ranging from 0.91% to 0.92%, unsecured, settled between April 4, 2012 and May 31, 2012	–	90,122
	$ 131,704	$ 90,122

15. Net finance costs:

	2013	2012
Finance income	$ (492)	$ (406)
Interest expense	846	821
Foreign exchange (gain) loss	(4)	43
	$ 350	$ 458

16. Payments to the Government of British Columbia:

In accordance with the *Gaming Control Act* (B.C.), net income in each fiscal year, after deducting contractual amounts due to the Government of Canada (note 17), is paid into the consolidated revenue fund of the Government of British Columbia in the manner directed by the Lieutenant Governor in Council. The Corporation's transfer to the Government of British Columbia occurs four weeks after each fiscal month-end. The Corporation does not retain any earnings.

17. Payments to the Government of Canada:

The Interprovincial Lottery Corporation (ILC) makes inflation-adjusted payments to the Government of Canada as a result of an agreement between the federal and provincial governments following the withdrawal of the Government of Canada from the lottery field. The Corporation remits British Columbia's share of the above payments to ILC.

18. Interprovincial Lottery Corporation expenses and interest revenue:

The Corporation's share of the ILC prize and ticket printing costs for national games is recognized in prize expense and ticket printing expense, respectively, in accordance with the recognition of revenue. The Corporation's share of the ILC's interest income less operating expenses is included in other expenses in the consolidated statement of comprehensive income.

19. Commitments:

Operating leases:

Commitments for minimum lease payments in relation to non-cancellable operating leases for premises and vehicles are as follows:

2014	$ 4,910
2015	4,591
2016	3,775
2017	3,395
2018	3,064
Thereafter	24,633

The Corporation leases its Vancouver office and warehouse space under operating leases. The leases commenced May, 2011 and have a term of 15 years. The lease payments are increased every five years by a predetermined amount as set out in the contract terms.

The Corporation leases a number of lottery retail locations under non-cancellable operating leases. These leases typically run for a period of five years. Many of these lease agreements include a base amount and an additional contingent rent amount based on sales volume of the retail location. In turn, the Corporation has entered into cancellable operating agreements with lottery retailers to operate these locations. These agreements have standard terms and are indeterminate in length. As part of the agreement to operate a location, the retailers pay location and service fees that are reviewed, negotiated and adjusted as necessary. In 2013, the location fees were comprised solely of contingent rents.

The Corporation leases a fleet of vehicles under operating lease agreements. These leases have terms that range from two to six years.

During the year ended March 31, 2013, $21,436 (2012: $22,745) was recognized as an expense in the consolidated statement of comprehensive income in respect of operating leases. Included in this amount were contingent rents totaling $292 (2012: $305). The Corporation recognized income of $2,693 (2012: $1,395) in respect of rent under cancellable operating agreements with lottery retailers.

20. Contingencies:

The Corporation has been named as a defendant in several lawsuits as well as other disputes in the ordinary course of business. A provision is recognized only when it is probable that there will be an outflow of economic benefits and the amount can be estimated reliably.

The Corporation periodically enters into agreements with suppliers that include limited indemnification obligations. These indemnifications are customary in the industry and typically require the Corporation to compensate the other party for certain damages and costs incurred as a result of third party claims. The nature of these agreements prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay its suppliers. Historically, the Corporation has not made any significant indemnification payments under such agreements and no amount has been accrued in the consolidated financial statements for these indemnifications.

21. Related party transactions:

BCLC is a wholly-owned Crown corporation of the Government of British Columbia.

All transactions with the Government of British Columbia ministries, agencies and Crown corporations occurred in the normal course of operations and are at arm's length, which is representative of fair value.

Key management personnel have been defined as the members of the Board of Directors, the President & CEO, and the Corporation's Vice-Presidents. The compensation for key management personnel is shown below:

	2013	2012
Compensation and other employee benefits	$ 3,187	$ 2,913
Pension and post-employment benefits	412	343
Termination benefits	1,102	–
	$ 4,701	$ 3,256

The Corporation contributes to defined benefit pension plans and a post-retirement plan. Transactions with these entities are disclosed in note 9.

Other related party transactions have been disclosed in note 16 to the consolidated financial statements.

22. Harmonized Sales Tax (HST) expense:

As a prescribed HST registrant, the Corporation makes HST remittances to the Government of Canada pursuant to the Games of Chance Regulations of the *Excise Tax Act* (the Regulations). The Corporation's net tax for a reporting period is comprised of net tax attributable to both gaming and non-gaming activities. Imputed tax on gaming expenses is calculated according to a formula set out in the Regulations resulting in the direct payment of additional HST at the applicable statutory rate. The net tax attributable to non-gaming activities is calculated similar to other HST registrants.

As of April 1, 2013, the Province of British Columbia will be reverting back to a GST/PST system. GST will be calculated and remitted to the Government of Canada in the same manner as HST described above. PST will be calculated and remitted to the Province of British Columbia pursuant to the *Provincial Sales Tax Act*.

Appendix 1: What We Plan to Do Differently and Why

During the 2012/13 year, BCLC made several changes to how we measure the results for the metrics in our framework, which along with details about what we use each metric for and the targets for the next three years, are in the previous sections.

In BCLC's 2013/14 Service Plan, we worded and reordered our four goals to add clarity on where we want to be in the future and reflect the transformation to a player-focused company. We also realigned our responsible gambling performance metrics to the player goal.

Perspective	2012/13 Service Plan Goals	2013/14 Service Plan Goals	Comments
Player	Create a player-centric company	We will put players first to create the entertainment experiences they enjoy	BCLC is continuing to move towards becoming a player-centric organization. Wording was adjusted to clarify what we are planning to provide to players.
People	Have a workforce passionately driving the success of our business	We will think differently, work together and act fast	The wording has been adjusted to reflect the changes the business is undergoing as we focus on innovation and moving quickly to market for the continuing success of our business.
Public	Build public trust and support for BCLC gambling	We will build public trust and support for BCLC	We are focusing on building our corporate reputation.
Profit	Invest in infrastructure and technology to drive innovation that enables our growth	We will grow net income and invest in the long-term health of our business	BCLC's mandate is to deliver net income to the Province. Wording was adjusted to reflect our continued focus on the long-term success of our business.

Appendix 2: How We Measure and Benchmark Our Performance

Details of what we use each measure for and the targets for the next three years are in the Our Performance section of this Annual Service Plan Report.

We review the performance results published by other gambling organizations annually for additional benchmarking opportunities.

Perspective	2012/13 Service Plan Performance Metrics	2013/14 Service Plan Performance Metrics	Comments
Player	Player Satisfaction Player Participation Net Win per Capita	Player Satisfaction Player Participation Net Win per Capita Player Awareness of Responsible Gambling Activities	Player Awareness of Responsible Gambling Activities was moved to the Player goal to better reflect the importance BCLC places on player education.
People	Employee Engagement Employee Vacancy Rate	Employee Engagement Employee Vacancy Rate	No change.
Public	Public Support for Gambling Player Awareness of Responsible Gambling Activities Level of Greenhouse Gas Emissions	Public Support for BCLC Level of Greenhouse Gas Emissions	Player Awareness of Responsible Gambling Activities was moved to the Player goal to better reflect the importance BCLC places on player education. Public Support for BCLC is newly added to the framework, replacing Public Support for Gambling to provide BCLC with a better understanding of how adult British Columbians perceive BCLC. BCLC wants to build trust amongst British Columbians and demonstrate how we successfully and responsibly run the business, fulfilling our mandate.
Profit	Net Income General Operating Costs as % of Net Win Electronic Gaming Devices per 1,000 population	Net Income General Operating Costs as % of Net Win	Electronic Gaming Devices per 1,000 population has been discontinued as a performance measure. While targets were not set for this measure, in past years it provided a way to benchmark with other Canadian organizations. This metric was discontinued in 2012 as a result of jurisdictions around the world offering their games on the Internet.

The table below summarizes how we measure each metric, our benchmarks and what we do to check that the data is reliable.

Performance Measures	How We Measure and Benchmark	Data Reliability
Public Support for Gambling	Third-party research suppliers conduct a continuous tracking study on our behalf. The survey is conducted online and is a random sample of B.C. adults aged 19 and older and is representative of gender and region. Participants are asked to indicate their level of agreement with the statement "I (fully) support the existence of legalized gambling in B.C." on a 7-point scale, where 1 is strongly disagree and 7 is strongly agree. The result is based on an aggregate of those who rate the statement as 5, 6, or 7. The word "fully" was included in the statement during the first three quarters of the year, and removed in the fourth quarter. Public support for gambling is internally benchmarked on a time series basis. We have not externally benchmarked as we have not identified similar data published by other gambling jurisdictions.	The survey was independently conducted by Research & Incite Consultants for Q1-Q3 this year and was conducted by Ipsos North America for Q4. Both surveys use industry standard techniques to randomize the sample, while retaining a gender and regional balance that is consistent with BC Stats figures. The sample size is 3,000.
Player Awareness of Responsible Gambling Activities	In a continuous tracking study conducted by an external research supplier, players of BCLC games are asked about their awareness of specific responsible gambling activities. The survey is conducted online and is a random sample of B.C. adults aged 19 and older and is representative of gender and region. Participants are asked their awareness of five of our responsible gambling initiatives. The result is a net percentage of participants who are aware of at least one of the initiatives. Player awareness of responsible gambling activities is internally benchmarked on a time series basis. As this survey has a methodology specific to BCLC, this metric is best analyzed on a time series basis. BCLC will monitor and update if/when other lottery and gambling organizations adopt a comparable metric. In 2010/11 the survey was changed from a telephone methodology to an online methodology, which resulted in a significant positive increase in BCLC's results.	The survey is independently conducted by third-party research suppliers. They utilize industry standard techniques to randomize the sample, while retaining gender, age, and regional balance that is consistent with BC Stats figures. The sample size is 3,000. During the 2012/13 year, BCLC changed survey suppliers from Research & Incite Consultants to Ipsos North America. The wording of some of the statements was updated slightly, while the online methodology remained the same, although the composition of the sample panels may differ. The results for Q4 were significantly below other quarters for some metrics, which may be attributed to the change in supplier and panel sample. Typically results can shift between five to 10 per cent above or below previous results.
Level of Greenhouse Gas Emissions	BCLC uses standard calculations provided by the Province to calculate and report greenhouse gas (GHG) emissions in a standard format, as required by the Province. It is used by the Province to ensure BCLC is meeting the provincial reduction requirements and for benchmarking against other Crown agencies. We obtain our data from the suppliers of electricity, natural gas, fleet vehicle fuel, paper suppliers and from internal financial and procurement reporting. GHG emissions are internally benchmarked on a time series basis. Our Carbon Neutral Action Report and those of other B.C. Crown corporations are published by LiveSmart BC.	Data for electricity and natural gas consumption is verifiable from billable consumption figures supplied by the respective utilities companies. We calculate electricity usage for our offsite data facility from meter readings. Fleet vehicle fuel consumption is verified from fuel consumption reporting from our fleet vehicle management company. Paper consumption for all types of reportable paper is measured internally each month.

Performance Measures	How We Measure and Benchmark	Data Reliability
Player Satisfaction	A third-party research supplier conducts a continuous tracking study on our behalf. The survey is conducted online and is a random sample of B.C. adults aged 19 and older and is representative of gender and region. Players who play a game/visit a gambling channel at least once every three to five months or more often are asked to rate on a 10-point scale how satisfied they were overall with their last experience in each channel. For each player, an average satisfaction score is calculated using their satisfaction scores in all channels they play in. Player responses in the top five box scores are then aggregated and expressed as a percentage to get the aggregate satisfaction. As this survey has a methodology specific to BCLC this metric is best analyzed on a time series basis. BCLC will monitor and update if/when other lottery and gambling organizations adopt a comparable metric.	The survey was independently conducted by Research & Incite Consultants for the first three quarters of this year and by Ipsos North America for the fourth quarter. Both use industry standard techniques to randomize the sample, while retaining gender, age, and regional balance that is consistent with BC Stats figures. The online methodology remained the same, although the composition of the sample panels may differ. The sample size is 3,000. The results for Q4 were slightly below other quarters for some metrics, which may be attributed to the change in supplier and panel sample. Typically results can shift between five to 10 per cent above or below previous results. Due to changes in methodology, BCLC's results prior to 2011/12 are not comparable to results for 2011/12 onwards.
Player Participation	Third-party research suppliers conduct a continuous tracking study on our behalf. The survey is conducted online and is a random sample of B.C. adults aged 19 and older and is representative of gender and region. Until the end of the third quarter 2012/13, the external research supplier Research & Incite Consultants used a continuous tracking study to ask how frequently players participate in the games BCLC offers or visit our gambling facilities. The result is an aggregate score for those players who played or visited at least once every month. BCLC has used these first three quarters for our 2012/13 results. Starting in the fourth quarter, a continuous tracking study conducted by a new external research supplier Ipsos North America, asks players how frequently they play our lottery games, play casino games when visiting a casino, community gaming centre, bingo hall and play games on our PlayNow.com site. The result is an aggregate score for those players who played at least once every month. The results for the fourth quarter were used to understand how the change would affect BCLC's overall results, which was an expected decline in frequency. This will be used for results starting in 2013/14. As this survey will continue to have a methodology specific to BCLC, this metric is best analyzed on a time series basis. BCLC will monitor and update if/when other lottery and gambling organizations adopt a comparable metric.	The survey was independently conducted by third-party research suppliers. Both firms use industry standard techniques to randomize the sample, while retaining a gender and regional balance that is consistent with BC Stats figures. The sample size is 3,000. The online methodology remained the same, although the composition of the sample panels may differ. As a result of the change made to the question wording in the fourth quarter, BCLC expects the overall results going forward to decline slightly but provide us with better insight. The results for Q4 were significantly below other quarters for some metrics, which may be attributed to the change in question, supplier and panel sample. Typically results can shift between five to 10 per cent above or below previous results.

Performance Measures

	How We Measure and Benchmark	Data Reliability
Net Win Per Capita	Net win is the revenue after prizes have been paid to players. Casino game prizes are paid during play. For lottery and bingo games, net win is calculated by deducting prizes from total sales revenue. Net win per capita is widely used in the gambling industry, making consistent benchmarking possible. As the age at which legal gambling is permitted varies between jurisdictions, BCLC's calculation is indexed to the total population to allow us to benchmark to other jurisdictions, rather than specifically to B.C.'s adult population. For our benchmark comparators, net win figures are taken from the most recent set of audited statements of accounts, as published in the annual reports of the benchmark organizations. In some instances restatement of financial information for benchmark organizations has caused changes to prior reported figures. Canada average figures are drawn from the Canadian Gambling Digest, from which BCLC is removed. Video lottery terminal (VLT) revenue is included in benchmarking results from Loto-Québec and the Canada Average comparators to give a complete picture of total spending on gambling. The provinces of B.C. and Ontario do not permit VLTs. **2010/11 Net Win per Capita** ($) BCLC 447 Canada Average 399 OLG 363 LQ 339	Net win figures are taken from our audited financial statements which are published in our Annual Service Plan Report. Population figures are taken from published Statistics Canada figures in July each year as the baseline for our calculations for each of the years included in the Service Plan. Figures for forecasts and targets are calculated by BCLC and are reviewed with Treasury Board prior to inclusion in the Service Plan.
Net Income	Net income is the calculation of total sales after prizes, operating expenses and taxes have been deducted and is reported using financial information from BCLC's publicly reported financial statements. BCLC's net income is analyzed on a time series basis and is not benchmarked with other jurisdictions due to differences in the types of gambling offered by jurisdiction, the differing gaming models and population levels.	Net income figures are taken from our audited statement of accounts, as published in our Annual Service Plan Report. Forecasts and targets are calculated by BCLC in accordance with International Financial Reporting Standards (IFRS) and are reviewed with the Treasury Board prior to inclusion in the Service Plan.
Operating Costs Ratio (% of Net Win)	Our operating costs ratio is the sum of our direct expenses (except prizes), gaming support costs including BCLC private sector service provider commissions and ticket printing, general operating costs and amortization divided by our consolidated net win and expressed as a percentage. Operating costs include BCLC private sector service provider commissions, which serves to more closely normalize the different operating models of other jurisdictions (i.e. instead of operating our bricks and mortar facilities directly, BCLC pays commissions to private sector service providers). Ticket printing is also included, as many other gambling jurisdictions do not separate this cost from their consolidated operating costs. BCLC's operating costs ratio remains well below benchmark comparators. Svenska Spel offers a similar gambling mix to BCLC, but derives more of its net win from video lottery terminals and Internet gambling, both of which have lower operating costs than more traditional casino gambling, from which BCLC derives the majority of its net win. **Operating Cost Ratio** (% of net win) ● Actual ● Budget ● Target 15/16 42.5 14/15 42.5 13/14 42.5 **12/13 42.0** 12/13 41.2 11/12 42.0 10/11 41.5 2010/11 Benchmark Average 49.2	Direct expenses, gaming support costs and operating costs are taken from our audited statement of accounts, as published in our Annual Service Plan Report. All figures are determined in accordance with International Financial Reporting Standards. Figures for forecasts and targets are calculated by BCLC and are reviewed with the Treasury Board prior to inclusion in the Service Plan. Benchmark comparators net win and operating cost figures are taken from the audited statements of accounts, as published in the annual reports of the comparator organizations. During the 2012/13 year, BCLC adjusted the operating costs ratio to include ticket printing, allowing more accurate benchmarking against comparator organizations.

Performance Measures	How We Measure and Benchmark	Data Reliability
Employee Engagement	Employee engagement is measured by an annual anonymous online survey of BCLC's employees, conducted by a third-party research supplier on our behalf. BCLC's engagement survey is a reflection of our unique culture, values and business objectives. The survey questions across a broad range of attributes that are important to BCLC: player-focus, delivering an outstanding gambling experience, social responsibility and making BCLC a great place to work. The survey asks employees to rank on a six-point scale their agreement with a broad range of statements that span all aspects of the workplace, work conditions, career and development opportunities, and BCLC's goals and programs. The overall engagement score is an aggregate of the proportion of employees that have ranked their agreement with the statements in the top two points of the scale. As this survey is customized by Ipsos North America to questions that are specific to BCLC's objectives, the survey results cannot be directly benchmarked and are best analyzed on a time series basis.	The survey is independently conducted by a third-party research supplier, using industry standard techniques. Employee participation in the 2012/13 survey was 88 per cent.
Employee Vacancy Rate	This metric provides the average percentage of vacant positions in the process of being filled (replacement or additional positions actively being recruited) as a proportion of BCLC's total headcount. It is measured on a monthly basis. The year-end result is calculated by averaging the month-end rates. It is subject to considerable variation based on organizational growth, internal personnel movement, employee demographics and external market conditions and must therefore be interpreted within the context of the time frame it is being measured. Employee vacancy rate is internally benchmarked on a time series basis. We do not externally benchmark, as other gambling jurisdictions and B.C. Crown corporations do not publish equivalent figures.	Vacancy rate is internally calculated by our Human Resources team. The total headcount is the total number of approved positions. The number of vacancies is the number of positions being actively recruited internally or externally.

Appendix 3: Corporate Social Responsibility Panel Statement

BCLC sought feedback on an early draft of its report from Corporate Social Responsibility (CSR) experts representing a range of organizations, from municipal governments, corporations, a non-governmental organization, and a peer in the gambling industry. The CSR experts commented on:

- Whether the report would give stakeholders the information they need to assess BCLC's CSR performance and alignment with its CSR Charter commitments;
- How well the report presents BCLC's CSR performance in relation to broader provincial, national and global CSR issues;
- Whether the CSR content seems accurate, complete and balanced;
- Whether the CSR content and format of the report allows for comparability to other Crown corporations and gambling companies; and
- Presentation clarity.

The following is a list of CSR experts who provided feedback on the draft report and a summary of their key comments. They did not represent their organizations, and they were not asked to endorse or validate claims in the report. BCLC was able to make some but not all of the changes recommended; the feedback will also guide the development of future reports. For BCLC's response, see the table below.

Panel Members

- Margot Davis, Manager, Sustainability, City of Port Moody
- Dara Edmonds, Sustainability Programs Officer, Teck
- Brenda Goehring, Manager, Regulatory and Relationship Management, BC Hydro
- Leslie Ng, Monitoring and Reporting Planner, City of Vancouver
- Laura Da Silva, Corporate Responsibility Manager, Camelot
- Magdalena Szpala, Sustainability Planning and Reporting Manager, BC Housing
- Marion Town, Senior Regional Manager, Greater Vancouver Sea-to-Sky, Fraser Basin Council

Overall the panelists commented that it was a good first combined Annual and CSR Report, that the material issues were identified and that there was comprehensive disclosure of BCLC's CSR Roadmap and Performance Plan. The table below provides an overview of the panel's feedback on improving the report and BCLC's response.

BCLC recognizes that much of the panel's feedback relates to greater clarity on: the broader CSR context; top CSR issues, risks and challenges and how they are managed; past performance, performance commentary and future plans; and how CSR issues are linked and connected throughout the combined report. Where we have not been able to include this content in our current report, we have put this information on our website, if possible. We plan to consider these issues in future years as we continually improve our approach to combined CSR and annual reporting.

Topic	CSR Panel Feedback	BCLC Response
CSR and business context	Provide more information on broader sustainability and CSR challenges and opportunities and relevance to BCLC; include key business information and metrics to communicate the nature of BCLC's business; provide a more fulsome discussion on strategic challenges and how BCLC is addressing these concerns	Added a definition of CSR and link to website with more information on broader CSR context; added information and metrics on our business structure and composition to the report; added a table to the website explaining how we are addressing each CSR strategic challenge and linked back to the report
Charter performance	Provide more information on progress against commitments in the 2010 CSR Charter	Provided more information on progress against CSR Charter on the website and linked to the report

Topic	CSR Panel Feedback	BCLC Response
Corporate mission and allocation of gambling revenues	Clarify if BCLC's mission is to provide great entertainment or generate revenue for community benefit or both; include more information on the allocation of revenues to communities and the provincial government from gambling activity	Included "About BCLC" section at beginning of report, which outlines our vision, purpose and promise (clarifying that we aim both to provide great entertainment and generate revenue for community benefit); included information in report on benefits to B.C. and how revenues are distributed in the province, with a link to more information
Priority linkages and annual report integration	Enhance linkages between materiality, risk, strategic challenges, stakeholders, metrics and plans on a few key areas; further prioritize material issues; consider use of a legend to help readers follow key issues throughout the report; enhance integration of CSR components with other annual report components	Included a legend on the website, linked to the report, to help stakeholders with navigation and understanding of material issues, risk, strategic challenges, metrics and plans; will pursue a visual depiction and prioritization of material issues as well as enhanced integration of CSR components with annual report components next year
Problem and underage gambling	Include more information on the prevalence of problem and underage gambling and show relationship to how BCLC is supporting management of the issues through its responsible gambling programs	Included problem gambling rates and relationship to relevant programs; included link to the Province's problem gambling programming; we cannot include prevalence rates for underage gambling because they are not available for BCLC products; the issues of underage gambling are described on GameSense.ca, with link in report
Service providers	Provide more information on the relationship between BCLC and its service providers, BCLC's CSR standards for service providers and service provider compliance	Included an enhanced description and graphic image showing the relationship between BCLC and our service providers; included performance measures on CSR standards and compliance
Indirect environmental impact	Provide more information on BCLC's indirect environmental footprint as a result of its product distribution model and how BCLC is managing them; include intensity metrics for greenhouse gas emissions, energy use, and other measures to enable comparisons	Included description in scope section of how we will be seeking to support our service providers and retailers in future years; included intensity metric on levels of greenhouse gas emissions per full-time equivalent; will evaluate other measures next year and include intensity where appropriate
Targets and performance measures	Enhance description of the key CSR performance measures and include more stretch targets; include graphs to break up the text and facilitate understanding; provide more commentary on strong performance or underperformance	Enhanced descriptions of the key CSR performance measures; included executive summary of CSR performance on website; will pursue more graphical representation and evaluation of performance next year; will update our CSR targets following CSR vision development
Executive summary	Include an executive summary of key results at the front end of the report	Included executive summary of CSR results on website, with link in report
Nomenclature	Make CSR nomenclature consistent and precise (e.g. relationship between CSR and sustainability, greenhouse gas emissions management and environmental sustainability); consider including a glossary	Included glossary of CSR definitions on website, with link in report; in future reports, we will work to make CSR nomenclature more consistent and precise

Appendix 4: Global Reporting Initiative (GRI) Index

BCLC is aiming to align with GRI G3.1 Level C, though this report has not been externally assured. In future, BCLC will work to align with GRI G4 principles.

Standard Disclosures

GRI	Description	Pages
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy	3
2.1	Name of the organization	1
2.2	Primary brands, products, and/or services	4–5
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	5, 31
2.4	Location of organization's headquarters	5
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	5
2.6	Nature of ownership and legal form	4
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries)	5
2.8	Scale of the reporting organization, including: number of employees, number of operations, net revenues, quantity of products or services provided	5
2.9	Significant changes during the reporting period regarding size, structure, or ownership, such as the location of or changes in operations	5
2.10	Awards received in the reporting period	24
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	1
3.2	Date of most recent pervious report (if any)	6
3.3	Reporting cycle (annual, biennial, etc.)	6
3.4	Contact point for questions regarding the report or its contents	103
3.5	Process for defining report content, including: determining materiality, prioritizing topics within the report, and identifying stakeholders the organization expects to use the report	7
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint venture, suppliers)	5, 7, 31
3.7	State any specific limitation of the scope or boundary of the report	7
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability	5, 7, 31, 61
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers, acquisitions, change of base years, nature of business, measurement methods)	N/A
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	N/A
3.12	Table identifying the location of the Standard Disclosures in the report	101–102
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	30–31
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	30
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	30
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	30
4.14	List of stakeholder groups engaged by the organization	7, 16, 20, 39, 99
4.15	Basis for identification and selection of stakeholders with whom to engage	7

Indicators

GRI	Description	Page
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	56–92
EN3	Direct energy consumption by primary energy source	bclc.com/environment
EN8	Total water withdrawal by source	42
EN16	Total direct and indirect greenhouse gas emissions by weight	39
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	22–23
EN22	Total weight of waste by type and disposal method.	bclc.com/environment
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	bclc.com/great
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	bclc.com/great
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	bclc.com/great
LA10	Average hours of training per year per employee, by gender, and by employee category	50
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	bclc.com/great
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	bclc.com/great
LA15	Return to work and retention rates after parental leave, by gender	bclc.com/great
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	20, 43

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BCLC's Service Plan is available at bclc.com/service-plan

Use your GameSense
GameSense.ca

BRITISH
COLUMBIA
The Best Place on Earth

bclc
playing it right